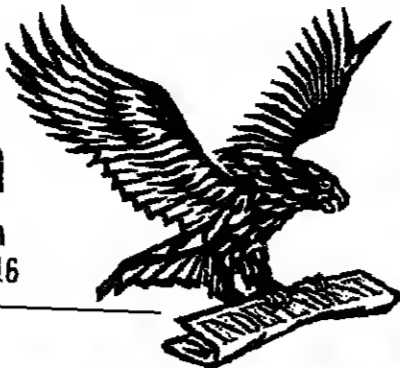




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**Frozen embryos:**  
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**Frozen embryos:**  
A mother's choice  
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# THE INDEPENDENT

3,034

TUESDAY 9 JULY 1996

WEATHER Cloudy early on, sunny later

40p (inc ASP)

'Dunblane will happen at any time again, unless decisive action is taken' – Colin Campbell QC at the Dunblane inquiry yesterday. Minutes later, a machete attack began in a Wolverhampton school...

## Terror returns to the playground

PETER VICTOR

A man wielding a machete burst into an infants' school yesterday and ran amok, slashing at children and wounding a teacher. The attacker climbed over a fence into St Luke's Church of England school in Blakenhall, Wolverhampton, West Midlands, and attacked adults and pupils as they were enjoying a teddy bear's picnic.

The incident – echoing the Dunblane tragedy four months ago – came within minutes of Colin Campbell, QC, telling the judicial inquiry into the massacre at the Scottish school that a similar attack "will happen again at any time unless decisive action is taken".

Mr Campbell was still on his feet addressing the inquiry as the attack began shortly after 3pm. Parents were waiting to pick up their children and take them home. Several parents were helping teachers organise a picnic as part of end-of-term activities when the attacker scaled the school fence.

Three children and four adults were injured in the attack: a three-year-old boy, two four-year-old girls, a teacher, a mother, a playground leader and one other adult.

One parent, Bala Bains, 28, said he tried to divert the attacker's attention as he slashed out with the machete. Mr Bains, a courier, was waiting to collect his son Amar, aged six, and niece, Kiran, five, from school when he saw a man loitering in nearby hushes. "I thought he was a litter collector," he said. "Then I saw him jump over the school wall and reach into his bag. He pulled out a huge machete. I didn't know

March 1996: Thomas Hamilton shot dead one woman teacher and 16 five-year-olds at Dunblane primary school. December 1995: London headmaster Philip Lawrence was knifed to death after helping a pupil who was being attacked by youths. June 1994: Man with flame-thrower severely injured A-level pupils in Northern Ireland. March 1994: Nikki Conroy, 12, stabbed to death by Stephen Wilkinson at Hill Garth School, Middlesbrough. Summer 1993: Youth with shotgun and machete tried to hold a class hostage at Handsworth Wood Girls school, Birmingham.

on my mobile phone. He just walked straight towards one of the mothers and slashed at her head. She didn't even see him coming. She just went down, I don't think she moved.

"The guy jumped over a little 2ft fence where the kids' play area is and just started hacking at anybody and everybody.

I kept close to him and eventually got his attention by shouting 'Come on, get me you bastard'. He looked at me and moved towards me smiling. He tried to slash me with the knife but I jumped back and he missed. Then he just turned and walked away. He cut one more child before he finally left. He didn't even look as if he was panicking, he was very calm."

A spokesman for Wolverhampton's New Cross hospital said a woman aged 29 was in a serious condition and in the operating theatre. Three children aged three and four suffered dis-

figuring lacerations to the head. The condition of all three was stable and they were expected to undergo surgery.

Paul Shields, chief executive at New Cross Hospital, said: "The patients have some nasty injuries but their condition, as we see it at the moment, is not life-threatening. One of the adults and one of the children are in a serious condition."

"One child has facial injuries and another sustained injuries to the head. The rest had injuries on their legs and arms."

The attack ended when a parent chased a man from the school towards a nearby block of flats. Police surrounded the block, Villiers House, and the area cordoned off. Officers with riot gear and a trained negotiator waited for nearly two hours before taking away a man. But Superintendent Pat Wing, of West Midlands police, said later: "Nobody has yet been arrested. We are still searching the locality." He said the search was increasing in intensity and would continue through the night.

Parents from Dunblane, where gunman Thomas Hamilton murdered a teacher and 16 children before killing himself, were stunned by news of the attack. Their feelings were summed up by a local councillor, Arthur Ironside, who said: "We are all sickened by this atrocity. No one can understand how anyone can hurt little children. What possible benefit is there for this evil man?"

"Our own tragedy happened just four months ago. Now every parent involved will be reliving the hell of that day and the weeks that followed."

A spokesman for Dunblane Primary School said: "It's shattering to hear something like this could happen again. We thought it was a nightmare never to be repeated. To think other parents have to go what we went through."

Wolverhampton's chair of education Bob Jones said security at St Luke's was up to date following the Dunblane tragedy. The school was surrounded by a fence, thought to be at least 6ft tall, and there were bolts and locks on all the gates and doors.

Gillian Shephard, Secretary of State for Education, said she was "horrified" by the attack. "My heartfelt sympathies go to those injured and their families."



## Attack confirms fears of teachers

JUDITH JUDD  
Education Editor

The attack on St Luke's comes at a time when concern about school security has peaked, after a series of violent incidents in schools.

Headteachers last night attacked the Government for its delay in providing extra funds for school security.

Gillian Shephard, the Secretary of State for Education, promised more money in May, after the report of a working party set up following the death

of Philip Lawrence, the London headmaster who was stabbed to death. But she said it would not be available immediately.

Teachers recognise that it is impossible to protect all schools against lone attackers bent on violence, but the National Association of Head Teachers believes more could be done.

Heads reckon that £50m is needed to pay for measures recommended by the working party, including closed circuit television cameras, intruder alarms, security fencing and security locks.

At present, schools have to bid with each other for grants to install closed circuit television.

Rowie Shaw, a spokeswoman for the association, said: "This money should be available for all schools. This kind of tragedy can occur in any school in the country and it is no reflection at all on the school that this has happened."

David Blunkett, the shadow Secretary of State for Education, emphasised that better security alone would not solve the problem.

"While improving school security is important, it is also essential that the potential attackers are identified. There must be the closest co-operation between GPs, hospital staff, police and the probation service, rather than relying on fortress schooling."

Robin Squire, the schools minister, said money for security was the highest priority.

"We are doing everything we can. Can I also, as a parent, reassure parents that this ghastly incident was not typical and that schools remain over-

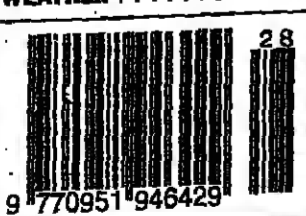
whelmingly safe and are getting safer."

A new law to come into force shortly will make it a criminal offence to carry an offensive weapon on school premises.

Eamonn O'Kane, deputy general secretary of the National Association of Schoolmasters Union of Women Teachers, said: "Tragically this event seems to underline the points that we and others have been making for some time, which is that security for schools is going to have to become a priority."

Aftermath: Children's toys lie abandoned after the attack during a teddy bear's picnic. Photograph: Caters

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## World takes first steps to ban the bomb

CHRISTOPHER BELLAMY  
Defence Correspondent

International legal restrictions have been placed on nuclear weapons for the first time, hastening a growing trend to avoid dependence on nuclear forces.

The World Court in The Hague yesterday set important limitations on the use or threat of use of such weapons. But the Court, which is the world's supreme judicial body, stopped short of an outright ban on the possession, use or threat of use of nuclear devices.

Last night, anti-nuclear pressure groups, including CND, were claiming victory in the close-run decision. But diplomatic sources took comfort in the Court's refusal to rule that the threat or use of nuclear

weapons was illegal in all circumstances.

The Court ruled: "The threat or use of nuclear weapons would generally be contrary to the rules of international law applicable in armed conflict and, in particular, the principles and rules of humanitarian law."

However, it added: "The Court cannot conclude definitively whether the threat or use of nuclear weapons would be lawful or unlawful in an extreme circumstance of self-defence, in which the very survival of a state would be at stake."

Nevertheless, its unexpectedly robust decision delighted anti-nuclear campaigners, who had feared the Court would duck the issue.

The landmark decision has been keenly awaited by anti-

nuclear groups and the five official nuclear powers since a large majority of the UN General Assembly asked for it in December 1994.

The case was also crucial to the authority of the World Court. The vote was balanced on a knife edge – seven judges voted for the decision, seven against, with a casting vote made by the Algerian President, Mohammed Bedjaoui.

It was the first time the International Court of Justice had been asked to rule on the legality of any weapon, but its decision had awesome implications.

If it had refused to make a ruling, it consigned itself to irrelevance and humiliation.

A decision that the threat or use of nuclear weapons was il-

legal would have made the policy of nuclear deterrence – on which the five official nuclear powers have depended for their security – illegal.

That did not happen yesterday, but threats by Britain and other nuclear-armed countries to use nuclear weapons in response to limited strikes or against third world states were ruled illegal, unless their very survival was at stake.

It has long been understood that the five official nuclear powers – the US, Russia, Britain, France and China – would only use nuclear weapons as a weapon of last resort.

However, the rise of nuclear "threshold" powers – Iraq, India, Pakistan and Israel, which do have nuclear weapons but are not official members of

the nuclear club – has given rise to doctrines of "sub-strategic" nuclear deterrence, in which small, highly-accurate nuclear weapons would be delivered against a renegade state or Third World country, possibly as a "warning shot".

Britain cancelled the RAF's tactical nuclear missile, which was partly intended for this role, but announced it would, if necessary, arm Trident missiles with single warheads to do the same job.

The World Court ruling effectively says that any form of "sub-strategic" nuclear deterrence is, by definition, illegal.

The Court has no mechanisms to enforce its judgment, but it is in tune with new military thinking. The verdict will reinforce

the pressure for less reliance on nuclear weapons which has been gathering momentum as more powerful and accurate conventional weapons become available, such as those used in the Gulf war against Iraq.

The US Navy recently published a paper stressing the need for massive and highly accurate conventional strikes to bridge the gap between operations by conventional armed forces and nuclear strikes.

The Royal Navy is to get US Tomahawk cruise missiles with high-explosive warheads to do a similar job, and the RAF is hoping to learn shortly which missiles suitable for hitting strategic targets from a safe distance it is to get. That decision could be made this week.

Though the verdict is in line with prevailing military trends, none of the established nuclear powers is yet ready to eschew nuclear weapons as its last resort. Nuclear deterrence is the policy of the present Government in Britain, and Tony Blair reaffirmed two weeks ago, of a future Labour Government too.



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## news

## Strike sends Lady Olga into a road rage

Transport questions in the House. And the main transport question, given yesterday's London tube strike (the third in three weeks), was how did our various heroes and heroines get to the House?

Clare Short, she told Sir George Young, Secretary of State for Transport, had "walked from Euston [where her train from Birmingham had terminated] with a very heavy bag". But was there no passing motorist who could have assisted her? Is chivalry dead? I would far rather believe that, given London's traffic speeds, they were all travelling far more slowly than the determined Ms Short, whose majestic progress down Tottenham Court Road,



DAVID AARONOVITCH

as captured on short-circuit television, should now be made available on video for hire.

Lady Olga Maitland (Con, Sutton and Cheam) must have travelled most of the way by aeroplane, having just been the recipient of some hospitality (chronicled in this newspaper) on the part of a chap called Joe

Toblerone (or something), head honcho of Maltese Tourism. She had clearly been looking forward to joining the democratic throng, lugging her weekend bags on to the Piccadilly Line and then straight to the House. Unhappily the industrial action thwarted her plans and forced her into a vehicle of some description (probably some appalling Jag or vulgar Merc).

To Labour cries of "look, it's the Maltese Falcon", a somewhat restrained Lady Olga (only one string of pearls, her more severe pair of glasses, no swimsuit) told MPs that the strike was forcing people to use their cars, "making road rage more likely" (this is incontestable: if no one was on the

roads there would be no road rage. Critics of Lady Olga should bear such insights in mind). More controversial was her suggestion that it was "all because the party opposite will not condemn strikes". Lady Olga must be forgiven her lapses of memory (she travels abroad a great deal, apparently), but most of us old things know that the worst strikes happen precisely when Labour does condemn them. "Someone give her a ride home", said Dennis Skinner, unhelpfully. The transport minister Steve Norris (whose wit and urbanity will be missed when he retires at the next election) replied that he thought that road rage was as old as motoring. "In the

1920s they used hit each other over the head with starting handles," he said. Motorists needed "patience and calm". Which were qualities that appeared to desert. William O'Brien (Lab, Normanton).

Mr O'Brien was once a coal miner and, with his craggy features, looks as though he was himself hewn from a very deep seam. Reddening with anger Mr O'Brien condemned those who committed violence in road rage cases, especially where killing took place. "The penalty should fit the crime!" he thundered. Personally I look forward to public executions on the M25 when New Labour comes to power, but I should warn Mr O'Brien that this pledge wasn't

in my copy of *New Life for Britain*.

It is widely believed that the erratic Dame Elaine Keleher-Bowman (Con, Lancaster) does not have long distances to travel to the House, since she probably occupies secure accommodation in a small apartment just above Big Ben. Nevertheless, she had thoughts on road rage. "In my day," she said firmly, "it would have been known as temper tantrums." So here's today's challenge: £10 to any reader who can tell me when Dame Elaine's day was. And £15 for anyone who dares stop Clare Short next Tuesday (when Aslef strikes again) and offer her — and her bag — a lift. **Union barons, page 6**

## Drumcree locked in battle of wills

MICHAEL STREETER

A drawn-out battle of wills between Orangemen and police looked set to continue last night as the "siege of Drumcree" sparked outbreaks of violence in Northern Ireland.

The Ulster Unionist leader, David Trimble, called on the Prime Minister, John Major, to intervene as for the second day Royal Ulster Constabulary officers barred loyalists from marching through a Catholic area of Portadown, Co Antrim. Tensions in both communities ran high as scores of loyalist youths hijacked and set fire to four lorries in the town centre after police had broken up protests.

Mr Trimble accused officers of "deliberate provocation" after they fired plastic bullets at loyalists as soldiers set up a concrete and barbed wire barricade on the Drumcree Road leading into the Catholic area of Garvaghy Road.

The district Orange leader, Harold Gracey, promised further action throughout the province unless they were able to march down the route. "We have our contingency plans. I think the province is going to erupt," he added. "This is not just the siege of Drumcree but the siege of Ulster."

Political leaders warned the growing violence could threaten the fragile peace in the province.

The stand-off looked likely to last longer than the three-day confrontation last year when loyalists eventually marched along the route in silence.

Among the 5,000-strong Catholic community the feeling was of "resolute determination" not to allow the Orangemen to have their way again. Brendan MacDonagh of the Garvaghy Road Residents Association said: "We have had two days of violence and there is no sign of the Unionist leaders trying to control their people." In an attempt to break



Beyond the barricade: Orangemen at Portadown yesterday where the standoff with the RUC continues

Photograph: Paul Fairth/Pace-maker

the logjam Mr Trimble and the Democratic Unionist leader, Ian Paisley, called on Downing Street for action.

The worst violence came in Portadown town centre when police broke up loyalist demonstrations at noon. At least four lorries were set on fire to establish impromptu roadblocks which the Army cleared away.

The RUC, which on Saturday decided to ban the march, erected a concrete and barbed wire barrier at the point where the marchers were halted on Sunday. 50 yards from Drum-

cree church. As officers moved in to clear the way they were pelted with missiles, and responded with plastic bullets.

Last night up to 2,000 police officers faced several thousand loyalist protesters.

Police said it was too early to link the murder of a Catholic man found dead near Lurgan, a few miles from Portadown, with the sectarian disturbances in the town.

Part-time taxi-driver Michael McGoldrick, 31, from Lurgan, was found dead with head injuries yesterday morning.

The sectarian divide, page 15

## What is the Twelfth of July but being bored in a field?

Early on Sunday morning, I was transported in a red MG Midget sports car to Portadown by Graham, historian, teacher and Orangeman, who is wearing a three-piece suit to set off his bowler hat, orange collar and white gloves.

After a press conference, David Trimble, the DUP leader, lamented that although he had prudently brought a book, he feared it would prove too short to keep him going throughout the expected siege.

I engaged in a lengthy conversation with a notorious, ear-ringed, skinhead loyalist non-Orangeman known locally as King Rat, who, in current coy terminology, is close to the UVE. In his articulate and uncompromising way, he indicated that this last straw broke the loyalist ceasefire effectively to an end. He called me "Dear" throughout, for, except in republican politically correct circles, Ulster is a place where women are the fair sex and are referred to as girls or ladies.

On foot, we accompanied the 2,000 or so Orangemen on their four-mile parade to Drumcree parish church; the streets were lined with cheering crowds. It was clear that had the Orangemen backed down, they

Ruth Dudley Edwards, a frequent attendee at Orange marches, on the atmosphere before last night's violence

would have been given the white-feather treatment: one child carried a sign saying: "Daddy, don't let them take my culture away".

As with the other Orange marches I've attended, it was very much a good-humoured family event: there were hundreds of women and children around the place, and Daphne Trimble arrived with overalls and a red bag, who conducted a long telephone conversation with a journalist in London, while sitting with his three of his young children at a table outside the church gates.

Having been told by a large Orangeman that Catholics were so corrupted by their religion that they sent their children to paedophile priests, and that Gerry Adams was the Son of Satan and will be alive when the world comes to an end, I reported to Graham that I

have met a genuine, 100 per cent bigot. "There was," he observed judiciously, "a difference between a bigot and a nut."

By mid-afternoon, I realised that the secret weapon of Ulster Protestants was an immense capacity for enduring boredom. Orangemen sat in the middle of nowhere, equally contemplating days of hanging about waiting. I acquainted Graham with this great truth. "But what else are monthly lodge meetings for but to equip Orangemen to be bored?" he asked. "And what is the Twelfth of July, but being bored in a field?"

There was excitement, though, when two women walked through, carrying a large poster saying: "It must be war... Kate Adie's hero" and Adie-sporting became the popular sport. At midnight I arrived at the house of my host, another historian and teacher, and asked why, after his local church parade, he didn't go on to Drumcree to bolster up his brethren. "It was awkward," he said. "A Catholic neighbour dropped in for a chat and I thought it would be tactless to leave him to go to Drumcree. But I'll be there tomorrow night."

## Dead girl's father is quizzed

LOUISE JURY

The father of a schoolgirl found battered to death beside a railway line was last night being questioned over her death.

Police said Alan Priest, 34, the natural father of Jade Matthews, nine, of Bootle in Merseyside, was being held as part of routine investigations into her killing.

They were also anxious to speak to three young boys seen on the railway line where Jade was discovered with serious head injuries early yesterday.

Dozens of people turned out to search for the missing girl as the case reignited painful memories in the community of the killing of toddler Jamie Bulger by two 10-year-olds in 1993.

Jade Matthews, an only child, left her home in Eaton Avenue, Bootle, at 4pm on Sunday to go out to play.

Her mother Denise, 31, and stepfather Stephen, 37, became worried when she had not returned by 7.30pm. They tried to

find her, and finally raised the alarm with police at 9pm.

Early yesterday, a police dog handler discovered Jade's body lying alongside a rarely-used goods rail track one and a half miles away.

She was still wearing the pink sweatshirt, blue jeans and white Reebok trainers she had on when she left home.

Detective Superintendent Geoff MacDonald, who was involved in the Bulger inquiry, said three boys were seen by a passer-by on the railway track at about 8pm on Sunday.

Mr MacDonald stressed they would not be in trouble for trespassing on the line, but said: "We are most anxious to trace those children and would ask them to come forward."

He was keeping an "open mind" about whether children could have been involved in Jade Matthews' death.

Mr MacDonald said his severe facial injuries appeared likely to have been caused by a blunt instrument. It was too car-

ly to say whether or not she had been sexually assaulted.

Forensic experts were examining a number of bloodstained items found at the scene, including a plank of wood.

Neighbours said Jade was a "little angel". Tommy Clube, 61, said: "Jade was a very pleasant well-mannered little girl."

Bob Branch, head teacher at Jade's school, Orrell Primary, said the mood among pupils was very sad. "We are just trying to cope as best we can."

Two-year-old Jamie Bulger died three years ago after he left his mother's side in Bootle's Strand shopping centre with two boys, Robert Thompson and Jon Venables, both aged 10.

They dragged Jamie two and a half miles to a stretch of railway track, where he was then hit with bricks and a heavy metal bar and punched, kicked and stamped upon.

Thompson and Venables were both found guilty of murder and ordered to be detained at Her Majesty's Pleasure.

## SIGNIFICANT SHORTS

**A** Cabinet reshuffle was ruled out by the Prime Minister's office yesterday, lifting the threat of humiliating dismissal or demotion from some, and killing all hope of pre-election promotion for many more. John Major had already given a personal assurance that Douglas Hogg, the beleaguered Agriculture Minister, would be safe — in spite of rampant Westminster speculation that he was for the chop because of his mishandling of the BSE affair.

But there has also been further speculation about the fate of Virginia Bottomley, the Secretary of State for National Heritage, and John Gummer, the Secretary of State for the Environment. However, two middle-ranking ministers, Steven Norris and Tim Eggart, are both standing down from the Commons at the general election, and they have told Mr Major that they want to give up their Government posts this summer, opening the way for Mr Major to promote some backbenchers and give them their last chance of a taste of office before the election.

**N**orth Essex Health Authority has played down claims that 17 children were stricken with a serious crippling illness after paddling on a beach. It said it knew of only three children in its area suffering from the rare condition, called Henoch-Schönlein purpura syndrome, and there was no evidence to link the cases with allegedly polluted sea water in Harwich.

However, it appealed to all GPs and neighbouring health authorities to check their records just in case. Fears were sparked by the case of Jessica Macrae, six, who missed eight months of school after falling ill with the syndrome, and her brother Duncan, five. **Louise Jury**

**S**ix out of ten parents are satisfied with the Government's nursery vouchers scheme, but it has had almost no effect on parental choice, according to a survey published yesterday. Labour pointed out that nearly £2.75m of vouchers had been issued to parents, but not redeemed.

Hardly any parents used the list of providers to choose their nursery place, though the scheme aimed to encourage them to shop around. More than 90 per cent of parents in the four areas where it is being piloted have applied for vouchers and more than eight in ten have redeemed them, says the Government-commissioned research. **Judith Judd**

**T**he death of a policeman, for nearly 100 years the only unsolved murder of a Metropolitan police officer, was marked yesterday with the unveiling of a new memorial. A simple black slate plaque, engraved with gold lettering, was unveiled to the memory of PC Frederick Atkins, 23, on the wall outside the police station in New Malden High Street, 115 years after he was shot by a burglar.

His death sparked such public outrage that extra trains had to be laid to carry more than 2,000 mourners to his funeral at St Mary's Church, Walton, his home town. But despite a vast manhunt, nobody was ever charged.

**S**ir Edward Heath celebrated his 80th birthday by attacking John Major's strategy for dealing with the Labour Leader, Tony Blair. Sir Edward, the former Conservative Prime Minister, who will be standing again at the next election for Old Bexley and Sidcup, said the Tories' new slogan, "New Labour, New Danger" was "absolutely wrong".

He warned in a BBC radio interview that the Tories could not win the next general election by harking back to the past. "For young voters, just getting their first vote at the age of 18, to go on talking about the 60s and 70s and go back to the 1926 General Strike doesn't carry any weight with them at all." **Colin Brown**

**O**ne in 100 people suffers from depression during the winter months which is so severe it can be disabling, a psychiatrist said yesterday. Dr Chris Thompson, an expert in Seasonal Affective Disorder or SAD, at Southampton University, said sufferers showed impaired function of a chemical in the brain during the winter. In the summer this appeared to be restored.

SAD was first described in 1985 and many scientists remain sceptical of its existence. However, all mammals display seasonal differences in their physiological functioning, and doctors report success with sufferers treated with light therapy. Melatonin, produced by the pineal gland in the brain, which helps to maintain bodily rhythms, has also been found to be far lower in SAD sufferers than non-depressed people in winter months.

**D**aley Thompson gave his stamp of approval yesterday to a new set of first class stamps from the Royal Mail. The double Olympic champion unveiled the stamps, in celebration of 100 years of the Olympic games. Featuring both Olympic and Paralympic athletes, they show a sprinter, a javelin thrower, a swimmer and a triumphant athlete with the Olympic rings behind.

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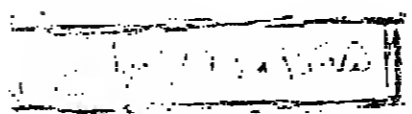
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MPs' rise: Ministers move to cool the backbenchers

# Cut in petrol perk fuels Tory revolt on pay

COLIN BROWN and JOHN RENTOU

The Tory MP Nicholas Winterton was last night threatening to lead a Conservative backbench revolt over a threat to cut MPs' mileage allowances from 74p per mile to 47p as part of their pay package.

The move was gathering support among disgruntled Labour MPs who say they could be worse off, in spite of a proposed 16 per cent increase, because of the proposals. The Government, which is calling on MPs to support pay restraint, was last night seeking to play on the discontent by tabling a motion for a vote tomorrow enabling the MPs to keep their 74p mileage allowance providing they limit their pay rise to 3 per cent.

There were also signs of a split in the Shadow Cabinet over Tony Blair's decision to back John Major's call for pay rises to be limited to 3 per cent while allowing a free vote. Some were furious with Mr Blair. "If we don't get the pay rise now, we will never get them under a

Labour Government," said one of Mr Blair's colleagues.

Mr Winterton, MP for Congleton, will table an amendment to seek a review of mileage allowances. That would allow the MPs to vote for the 26 per cent pay rise, increasing MPs' pay from £34,085 to £43,000 a year.

Labour MPs calculated that the taxed pay rise would deliver a net £5,600 a year increase, but they would lose at least £5,400 with the cut in mileage allowances for those with large cars who do 20,000 miles a year. As the allowance is taxed, they would be worse off.

Soundings among MPs yesterday suggested a close vote, with many Labour frontbenchers and whips intending to ignore Mr Blair's lead, and the backbenchers of both main parties in favour of a pay rise.

Despite Mr Blair's declaration that he favoured restraint, he is expected to miss the vote. Gordon Brown, the shadow Chancellor, declared yesterday that he would be "voting for restraint".

In January, 298 MPs, nearly half the membership of the House, signed a motion calling for the issue of their pay to be referred to an independent body. Nearly 200 of the MPs who signed were Labour, including frontbenchers and whips. Most Labour signatories were yesterday intending to vote for the proposed pay rise.

"If you ask for an independent review you have to stand by that," said Angela Eagle, MP for Wallasey. "It is ridiculous that the Prime Minister's advisers earn more than he does, but the quid pro quo has to be

that MPs have no outside earnings at all."

Senior Tory backbenchers agreed: "What is the point of calling for an independent review if you're not going to accept the findings?" asked one. He predicted many ministers and their aides would stay away.

The main group of Labour MPs who signed the January motion who say they will not vote for the review body's recommendation are leftwingers. Tony Banks said: "I am not voting for my own money." He signed the original motion to take the decision away from MPs, he said.



Profits from misfortune: The Charles and Diana no-more-loving cups

Photographer: Nicholas Turpin

## Royal divorce is a trade for mugs

JOJO MOYES

Divorce: it's a mug's game. Or soon will be, if demand for the one marked "Charles and Di Divorce" is anything to go by.

The specialist china company J and S Chown in Cornwall has increased its original production run of 300 mugs - showing the Welsh and Union flags drooping and the Prince and Princess looking away from each other - to 2,200.

With the multi-million pound divorce due possibly within weeks, collectors worldwide are requesting the £9.99 bone china memento.

"We didn't feel comfortable about doing it at first," said Wendy Chown, the company's sales director, but "it could do us some lovely business."

"Andy and Fergie Divorce" mugs are also planned. Miss Chown would not say whether the design featured toes.

The first royal mug was for Charles II's accession in 1660.



Winterton: Threatening to lead a Tory rebellion

## Commons couple drive hard bargain

Nicholas Winterton, the Tory MP for Macclesfield, makes no excuses for driving a £45,000 Range Rover which does about 20 miles to the gallon on the motorway, writes Colin Brown.

He and his wife Anna, who is the Conservative MP for the neighbouring constituency of Congleton, travel together on Mondays the 180 miles from Cheshire to Westminster.

Their 4.6 litre Range Rover qualifies for a mileage allowance at the rate of 74p a mile, which works out at £133.20. He does not believe claiming the expenses of £266 for the round trip is excessive.

"Two rail tickets would be considerably more than that," he said. Travelling by Range Rover, said Mr Winterton, ensures he is "comfortable and safe" on the journey.

"When you are going to do 180 miles on the motorways that are a harrowing to say the least, you should be able to

arrive in comfort and in a reasonable frame of mind, and sufficiently alert."

Rail travel would not be possible for two busy MPs keeping a flat in London and a house in the country, he added. They have to travel each Monday with their cases, food, which they bring from the constituency, clean clothes and clean sheets.

"Several people have said to me over the weekend that it is not the right time [for MPs to make demands about pay]."

"Frankly, there is never a right time. I am considering putting down an amendment saying this is a matter which should be resolved by a committee because I don't think Parliament should say what sort of car MPs should drive."

Mr Winterton is also concerned that retiring MPs would lose some of their pension entitlement if the pay rises - which are linked to pensions - are pegged to 3 per cent.

## DAILY POEM

### Propitiation

By Elma Mitchell

He always apologized to statues  
And sometimes to furniture, when he bumped into it.  
He felt no superiority to insects  
But removed them carefully from kitchen surfaces.

He sat at the wheel of a car,  
Thinking of a world without predators  
Or generals.

A moment's absentmindedness -  
A child on a bicycle died.

No, no, it didn't. It never happened.  
But he lived all his life with this catastrophe  
In imagination, as he ferried his insects  
To places of safety, and apologized to statues.

Last summer Penguin relaunched its *Modern Poets* series, which first appeared in 1962. This June saw the publication of volume 6 (U A Fanthorpe, Elma Mitchell, Charles Causley) and volume 7 (Donald Davie, Samuel Menashe, Allen Curnow). It is timely and welcome space for Elma Mitchell, now in her seventies, a poet who is well known in the West Country, but has perhaps not reached the wider audience she deserves. Her four collections are published by Peterloo Poets.

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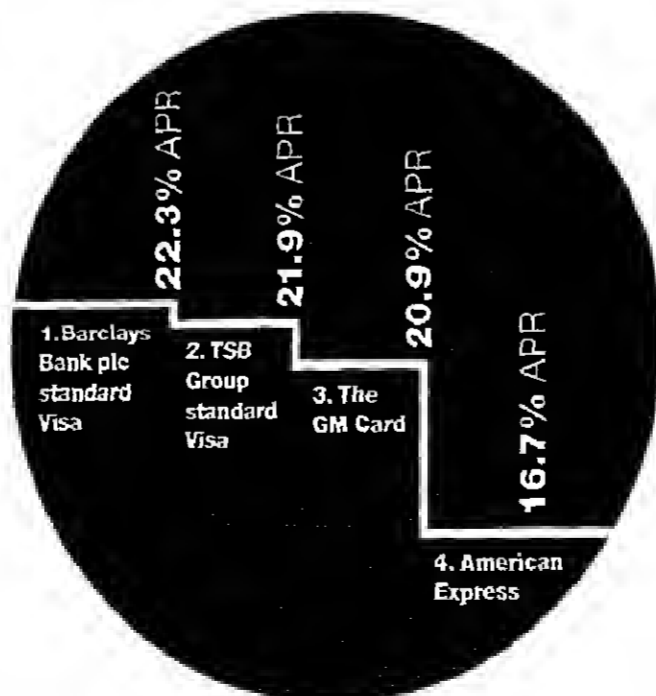
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# ITV looks to costume drama in ratings war

MARIANNE MACDONALD  
Media Correspondent

ITV is to take on the genre the BBC has made its own – costume drama – in an attempt to boost its ratings this autumn, it emerged yesterday.

It is to screen an adaptation of Jane Austen's *Emma*, by Andrew Davies, who wrote the recent adaptation of *Pride and Prejudice* for the BBC. It will star Kate Beckinsale as the meddling but well-meaning heroine.

Mr Davies has also written ITV's other two landmark costume dramas for this autumn: a four-part adaptation of Defoe's *Moll Flanders*, starring *The Knave's* Alex Kingston, and an adaptation of Dennis Danvers' haunting love story, *Wilderness*.

The dramas will complement returning series, including *Soldier, Soldier*, *London's Burning*, *Taggart* and *Heartbeat*.

The controversial continuation of the *Poldark* story, filmed by HTV last year, will also hit the screens this autumn, despite the outcry at the decision not to employ Robin Ellis and Angarad Rees to recreate Ross Poldark, the Cornish mine owner, and his wife Demelza.



Challenge to the BBC: Kate Beckinsale in *Emma*

The pair played the lead roles in the hugely popular 1970s BBC series which attracted 15 million viewers weekly but they were dropped by HTV when salary negotiations failed. John Bawa and Mel Martin were asked to take up the story of the final *Poldark* novels instead.

Meanwhile, ITV also confirmed long-standing rumours yesterday that a fourth episode of *Coronation Street* will go out at 7.30pm on Sundays from late November in a bid to bump up Sunday night ratings.

Marcus Plautin, the network controller, denied the extra episode would kill enthusiasm for the soap which regularly attracts 16 million viewers.

"Granada (which makes the programme) are handling the fourth episode with consummate care. There will be new characters and a new street. We will grow the *Coronation Street* family," he said.

"It is not just eking out what's already there. Within a very short time everyone will say 'Coronation Street on Sunday' – hasn't it always been there? The *Street* is an institution, it is part and parcel of most people's lives and the decision was not taken lightly."

"With *Coronation Street*'s fourth episode we will devise a storyline which will peak on the Sunday night but viewers will have to wait for the denouement on the Monday."

Phil Redmond, whose production company makes *Brookside*, has long argued that all soap operas will eventually go to four days a week, despite concerns that it would mean too much strain for the stars and that the programmes would inevitably become weaker as a result.

Media, page 18



Poetry in emotion: Angela Gheorghiu and Roberto Alagna are newlyweds, which adds an extra frisson to their performances

Photograph: Laurie Lewis

## Singing with love's sweet harmony

Married couples are enjoying a romantic renaissance. It is once more sexy to be legal.

Last week, Tom Cruise and Nicole Kidman made several thousand teenage hearts heat faster as they snooched in London; and last night, opera's own dream team, Roberto Alagna and Angela Gheorghiu, appeared at Covent Garden together for the first time since their much publicised romance and marriage.

"To sing love duets with the person you love is *magnifique*," said Alagna before the performance in a line marketing departments fantasise about. His

### FIRST NIGHT

La Traviata  
Royal Opera House,  
Covent Garden

spouse added: "When we are together on stage, it is a reflection of our life and an extension of it which we live out on stage."

Gheorghiu is one of the most acclaimed new sopranos, and this was a very hot ticket indeed.

Theirs was not, it has to be said, quite the *Romeo and Juliet*-style story it has been painted. They were married to other people when they met four years ago in *La Bohème* at Covent Garden.

Alagna's wife tragically died of a brain tumour two years ago, leaving him with a young daughter, and Gheorghiu divorced her Romanian husband.

But their memories of those rehearsals four years ago added to the anticipation of seeing them on stage last night.

Alagna, 32, born in France of Sicilian parents, recalled: "In my mind – because of the sound I was hearing – she had to be fat. I certainly didn't expect her to be beautiful."

"She was cute, young and lovely. It was love at first sight. As I took Angela's hand in mine, I felt an actual shock ... [After that] I felt so jealous each time I'd read that she was singing with someone else."

Gheorghiu recalled that "when he burst into the rehearsal room at Covent Garden, the atmosphere changed. It was so exciting. Like electricity."

In the poignant and tragic

love story of *La Traviata*, it would be hard not to generate any romantic sparks. But undoubtedly this pairing did exude a genuine excitement in their scenes together.

Alagna's tender and emotionally vulnerable tenor voice is not yet in the class of the big three, but it is compelling.

Gheorghiu has a serenity in her style that is equally attractive. And for once there was acting to match. This couple did indeed appear enraptured with one another, but then, perhaps that wasn't acting at all.

David Lister

## Branson puts new spin on records business

Businessman Richard Branson is setting up a new record label, four years after he sold the original Virgin Records for £560m.

The company, provisionally called V2, is already looking for acts to sign. Initially it will concentrate on what Mr Branson referred to as "quality rock", although it may later diversify into classical music.

Heading V2 is Jeremy Pearce, the former chief of Sony's division for foreign and independent bands, where he handled bands including Oasis and Suede. The official launch will be made when the company announces its first signing, probably in the autumn.

Virgin spokeswoman Mo Foster said Mr Branson had badly missed the music business, which had formed the cornerstone of his business empire.

Under the terms of the deal with EMI, the buyers of Virgin Records, he had not been allowed to set up a new label until now and he had plunged back into the industry as soon as the exclusion clause expired.

"I think he has been missing the business terribly. When he sold Virgin Records he went to the staff to tell them about the decision and he left in tears," she said. "That doesn't normally happen. He is obviously very keen to be getting back into it."

Virgin Records was sold to allow Branson to concentrate on his other interests, which now include Virgin Atlantic, Virgin Megastores, Virgin Radio and Virgin Cinemas.

He founded the record label in 1970 and despite, or perhaps because of, being unsuccessful, made a splash with his 1977 signing, the Sex Pistols, who had been rejected by the more established record companies – including, ironically, EMI.

If the new company, which is not entitled to use the word Virgin in its title, follows in the footsteps of its predecessor, it will soon become a major player in the pop industry.

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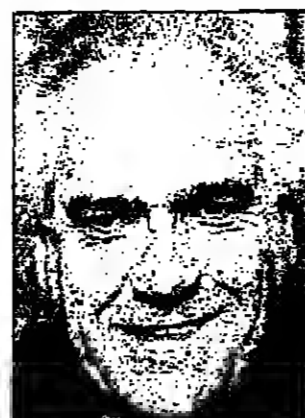
24/11/05



'This hero worship is very much misplaced' – **John Carlisle MP**, on the BBC screening of the Free Nelson Mandela concert in 1990



'The ANC is a typical terrorist organisation ... Anyone who thinks it is going to run the government in South Africa is living in cloud-cuckoo land' – **Margaret Thatcher**, 1987



'How much longer will the Prime Minister allow herself to be kicked in the face by this black terrorist' – **Terry Dicks MP**, mid-1980s



'Nelson Mandela should be shot' – **Teddy Taylor MP**, mid-1980s

## From 'terrorist' to tea with the Queen

ANTHONY BEVINS  
Political Editor  
and MICHAEL STREETER

The fuss that Parliament is to make over Nelson Mandela this week will mark a stark contrast with the 20-year Commons silence that followed his imprisonment in 1962.

On Thursday, the President of South Africa is to be accorded the rare honour of addressing both Houses of Parliament in Westminster Hall, when ministers, MPs and peers

**Nelson Mandela: Once vilified by the Government, he will be acclaimed as a hero this week**

will gather to pay homage to a world statesman.

But an *Independent* survey of Commons *Hansard* records suggests that even in the immediate aftermath of his imprisonment, Mr Mandela's name was not uttered in the chamber.

*Hansard* indices, which cover speeches, statements and oral questions and answers in the Commons, as well as written questions and answers, sug-

gest that the first time Nelson Mandela's name was mentioned in the House was on 9 March 1983, in a question from Labour MP Ken Eastham.

In his autobiography, *Long Walk to Freedom*, former Foreign Secretary Sir Geoffrey Howe says that even as late as October 1987, at a press conference following the Commonwealth Heads of Government Conference in Vancouver, Mrs

Thatcher was quick to dismiss the African National Congress as "a typical terrorist organisation". Sir Geoffrey added sadly: "Absolutism still held sway."

But Mrs Thatcher was expressing a common view on the right of the Tory party.

In the mid-1980s, Conservative backbench MP Teddy Taylor said: "Nelson Mandela should be shot" – though he later claimed it was meant jokingly.

"Unfortunately, I do still regard him as an ex-terrorist," he said two years ago.

In 1990, when Mr Mandela declined to meet Mrs Thatcher on a trip to London, Conservative MP Terry Dicks asked:

"How much longer will the Prime Minister allow herself to be kicked in the face by this black terrorist?"

John Carlisle, Tory MP for Luton North, was furious at the

BBC's screening of the 1990 Mandela concert in London.

"The BBC have just gone bananas over this and seem to be joining those who are making Mandela out to be a Christ-like figure," Mr Carlisle said.

"Many will remember his record and the record of his wife as they take the podium. This hero worship is misplaced."

That same year, another Tory MP, Andrew Hunter, now chair-

man of the Conservative backbench committee on Northern Ireland, called for an investigation into alleged secret links between Mr Mandela's ANC and the IRA.

Labour frontbencher Brian Wilson yesterday challenged John Bercow, Conservative parliamentary candidate for Buckingham and former political adviser to Virginia Bottomley, the Secretary of State for Na-

tional Heritage, to offer regret for the abuse that had been heaped on Mr Mandela by the Federation of Conservative Students when he was its chairman.

He said FCS conferences had been littered with slogans like "Hang Nelson Mandela", and Mr Wilson added: "Mr Bercow must now make it clear that he deeply regrets the behaviour of FCS members."

"Silence would only show that we've still got the same old Tories with the same old story of intolerance and bigotry."

None of the councils and universities which named streets, conference rooms and even a student bar after Nelson Mandela probably ever imagined the day when he would arrive in Britain as president of his country.

At the time the Mandela name carried the status of a myth. Nobody had seen him since the 1960s, and the British taboo on creating memorials to living politicians hardly seemed applicable. Yet here he is.

Mr Mandela's state visit, however, is simply likely to enhance his position as a secular saint, a living symbol of South Africa's redemption from apartheid, after whom it is entirely appropriate to dignify municipal and educational facilities.

But there is an irony here: in South Africa the predicted rush to attach his name to every avenue and airport formerly

entitled after the heroes of white supremacy has not materialised. Mr Mandela has shown admirable reluctance to allow this – unlike Zimbabwe, for example, where the main street of every city and town is now named after President Robert Mugabe.

Raymond Whitaker

some former freedom fighters from Namibia over who are now MPs. One of them asked me for a 'Free Mandela' mug to replace one he had broken. I gave him two."

## Freedom fighters take up free trade

In advance of this week's visit to London by Nelson Mandela, there was a demonstration next to the huge bust of the South African president on London's South Bank. The participants, some in traditional South African costume, handed out South African oranges before going to Downing Street to hand in a petition.

Ten years ago the demonstrators would have been from the Anti-Apartheid Movement, trying to shame Britons into boycotting South African oranges. Now it is the movement's successor, Action for Southern Africa (Acta), trying to shame the European Union into dropping its attempts to block exports of South African produce. "It's ironic, I know," said Acta's director, Ben Jackson, "but trade will be the biggest issue during President Mandela's visit."

The symbolism of Mr Mandela's state visit to Britain is immense: today apartheid's most prominent political prisoner, once reviled by British government leaders, will be received with 21-gun salutes and will ride in a state carriage down the Mall with the Queen. But behind the scenes in both Britain and France, where Mr Mandela will make another state visit, he will be demanding that the EU honour its promises to help the whole of southern Africa to overcome the economic aftermath of apartheid.

Two years after the euphoria of South Africa's first free elec-

The Anti-Apartheid lobby has changed tack, writes **Raymond Whitaker**

tions, the EU has failed to agree on a proposal, backed by Britain, for the creation of a free trade area with South Africa. Despite a growing trade surplus with South Africa, Germany is leading efforts to exclude nearly 40 per cent of South African farm exports – including oranges, tinned fruit and wine – from talks on better market access. Acta argues that the EU, South Africa's most important export market, treats its products little differently than when it was an international pariah.

It was easier to rally the British public, however, when Mr Mandela was imprisoned on Robben Island and apartheid was at its worst. Membership of the Anti-Apartheid Movement (AAM) peaked around 25,000 to 30,000 in the late 1980s, when there was a permanent vigil on the pavement outside South Africa House and the giants of rock music fell over themselves to take part in the Mandela birthday concert at Wembley in 1988, bringing an influx of younger people.

The vigil came to an end in February 1990, when Mr Mandela walked out of prison after 27 years. In October 1994 the AAM, its work done, disbanded after 35 years and transformed itself into Acta, which now has about 5,000 individual members. "There has been a lot

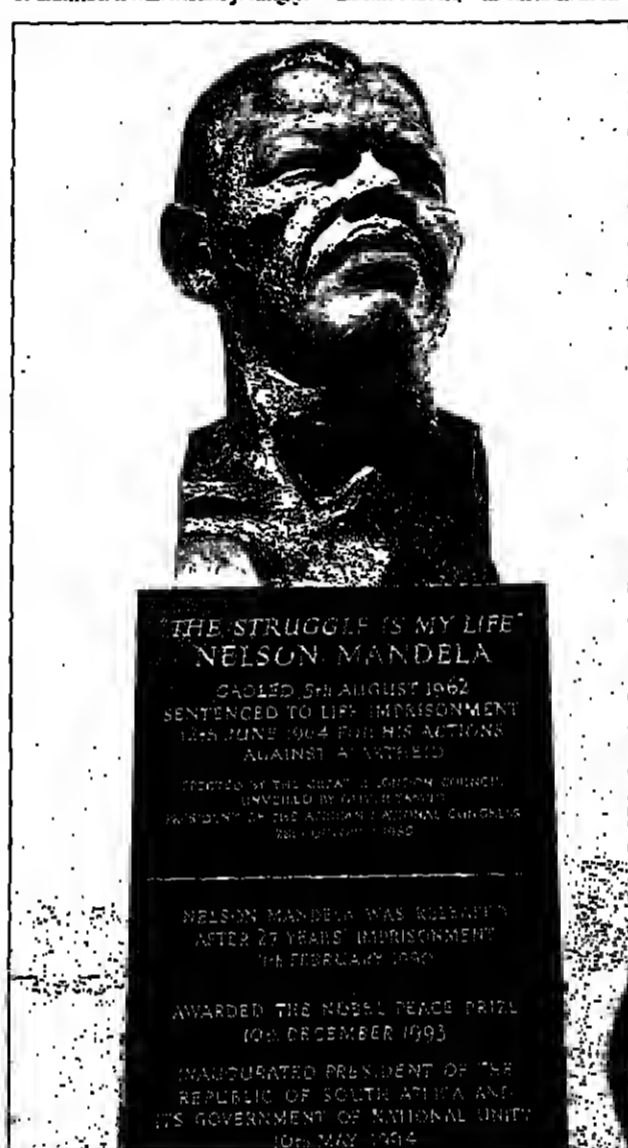
of continuity," said Mr Jackson. "Trade unions, which were always very active in the AAM, have been very good about reaffiliating to Acta, which was not an automatic process."

The AAM's headquarters in north London, which suffered a firebomb attack by South African agents in the early 1980s, are now closed. Acta took over the nearby offices of the African National Congress – also the target of a bomb attack – following the ANC's transformation from an exile guerrilla movement into South Africa's governing party. But Acta's patron is Bishop Trevor Huddleston, who founded the AAM in 1959 with Julius Nyerere, then President of Tanzania.

Dorothy Robinson, the founding executive secretary of the movement, was helping Acta yesterday to prepare for Mr Mandela's visit. "At first the emphasis was on boycotting South African goods," she said, "but after the Sharpeville massacre in 1960 our work multiplied. Apart from seeking international sanctions and the release of political prisoners, we had to campaign to save Mr Mandela from being executed for treason."

By the late 1960s the movement was beginning to realise that it was in for a long haul, said Ms Robinson. It had little en-

couragement in the 1970s, when repression tightened and South Africa mounted military attacks on its neighbours to keep the guerrilla movements at bay. Only in the 1980s did the sanc-



GLC hero: Mandela's bust on the South Bank

tion campaign began to bear fruit – and now, in the mid-1990s, Acta is wrestling with the vital but considerably less dramatic detail of free trade.

The organisation has been

given a grant of £80,000 from South Africa to organise and catalogue the AAM's archives, which will be housed in the Bodleian Library in Oxford. Is there still a warehouse full of

"Free Mandela" T-shirts somewhere? "There is some merchandise left over, which we sell off from time to time to raise money," said Mr Jackson with a laugh. "The other day we had

some former freedom fighters from Namibia over who are now MPs. One of them asked me for a 'Free Mandela' mug to replace one he had broken. I gave him two."

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**HEALTH SECTION**

The Tories say we do, Labour say we don't. In today's Health Management Section

Chris Ham takes a more balanced look at the burgeoning costs of the N.H.S's Management Bureaucracy.

For all the latest news and appointments in the Health Sector turn to

**pages 8 - 9**

in Today's section two of The Independent

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## international

# Corsican bomb raises spectre of lawlessness

Bastia — They named a street after Sicily's assassinated anti-mafia judge, Giovanni Falcone, in this Corsican port at the weekend. In the full glare of the midday sun, with the heat radiating off the white and sandy stone of the new estate and the blue-green sea glistening far below, the mayor of Palermo unveiled the new street sign with a determined swish of southern panache: Rue du Juge Falcone.

It was a simple ceremony, watched by perhaps 150 people and a few dozen more from the windows and balconies of their new flats. There were some well-chosen words from the mayor of Bastia, Emile Zeccarelli, considerably more words from the mayor of Palermo, and a short epilogue from the prefect of northern Corsica, then the anthems of Italy and France, in their longer versions.

But the terrible irony of the ceremony escaped no one, for it came at the end of a week that began with a car-bomb explosion in the very heart of Bastia. It brought home to Corsicans the risk that their island, too, could descend into Sicilian-style lawlessness. The bomb in Bastia had killed one man, Pierre-Louis Lorenzi, a member of the political wing of the

Mary Dejevsky reports on an attack that reveals more than a 'vendetta'

biggest Corsican nationalist movement; seriously injured Charles Pieri, the leader of the same group, and hurt another 14 other people who just happened to be in the vicinity.

Apart from the extent of the injuries, what shocked was the fact that the bomb had been timed to go off in broad daylight, in the centre of the city, in full view of everyone. In Corsica, people have grown used to the sort of sporadic violence that lurks in dark corners, at night, and can be dismissed as personal vendetta or petty delinquency next day. Bastia's bomb seemed like an open challenge.

In his speech on Saturday, the mayor, who had come straight from an emergency meeting of his left-wing coalition's city councillors, insisted that the only way to fight organised crime and terrorism was through "democratic institutions and legality". The prefect, looking grave and northern, in sombre suit and tie, spoke of the need to foster respect for the law, and stood extra-straight and solemn through the national anthems. The

choice of the long forms of the national anthems, — the *Marseillaise* punctuated with mock-cannoo fire — like the proliferation of French and Italian flags, and the shiny "Republique Française" badges on every lamppost, seemed to say one thing: "The State is still in charge here."

The message from Bastia as a whole, however, is more ambiguous. On the face of it, this city of pastel stone on the island's north-east coast, differs little from any other Mediterranean port except in the luxuriance of its vegetation. The palms and cypresses, pines and chestnuts, enlivened by banks of red and white oleanders, hide all but the tiled roofs of apartment blocks and villas.

There is a working harbour for the giant ferries from Marseilles and Livorno, a recently built marina, and the old port — ancient focus of the city — with its baroque church of St John the Baptist, looking out on the dozens of fishing and sailing boats in the harbour.

For France, though, even for Mediterranean France, Bastia



Flattering to deceive: Despite its picture-pretty old port, Bastia looks not just poor but misgoverned

Photograph: Robert Harding

looks not just southern, and not just poor, but misgoverned. There are as many expensive German and Japanese cars as in Paris, but the city itself is clearly failing to thrive.

The picture-pretty old port, surrounded by faded Italianate

palazzos and warehouses, would be an asset to any town with ambitions as a tourist centre, but it is decrepit to the point where three bomb-damaged shopfronts are not immediately apparent. Only the charring and a ragged Corsican flag give

away where the bomb exploded. Almost a week later, jagged glass is still uncollected and unreplaced. Letters still lie in the hallway of the shop that served as the offices of Pieri's recently formed security company.

The signs of state power and the resistance to it are everywhere. Entering the city from the north, the first big building, being extended to more than double its present size, is the *gendarmerie*. Then the town hall, with a high fence, police guards, and tricolour. The prefecture — a big, modern edifice in the new, upper city — has no board outside; its only form of identification is the bus stop outside, labelled "prefecture" in tiny letters. The railings are 10ft high, and spiked; abundant barbed wire fills any gaps.

Down in the older part of town, the central post office is covered in nationalist graffiti, as though it has been abandoned to their cause. Any other blank wall is either covered in "Free Corsica" slogans, or evidence of

clumsy recent painting. There are far fewer cash-dispensing machines than there would be in a city of similar size on the mainland, and once on the peninsula north of Bastia. Apparently, they get blown up. The absence of litter-bins is equally telling. In the streets and cafes it is the gruff Italian-sound of the Corsican language that you hear, not French.

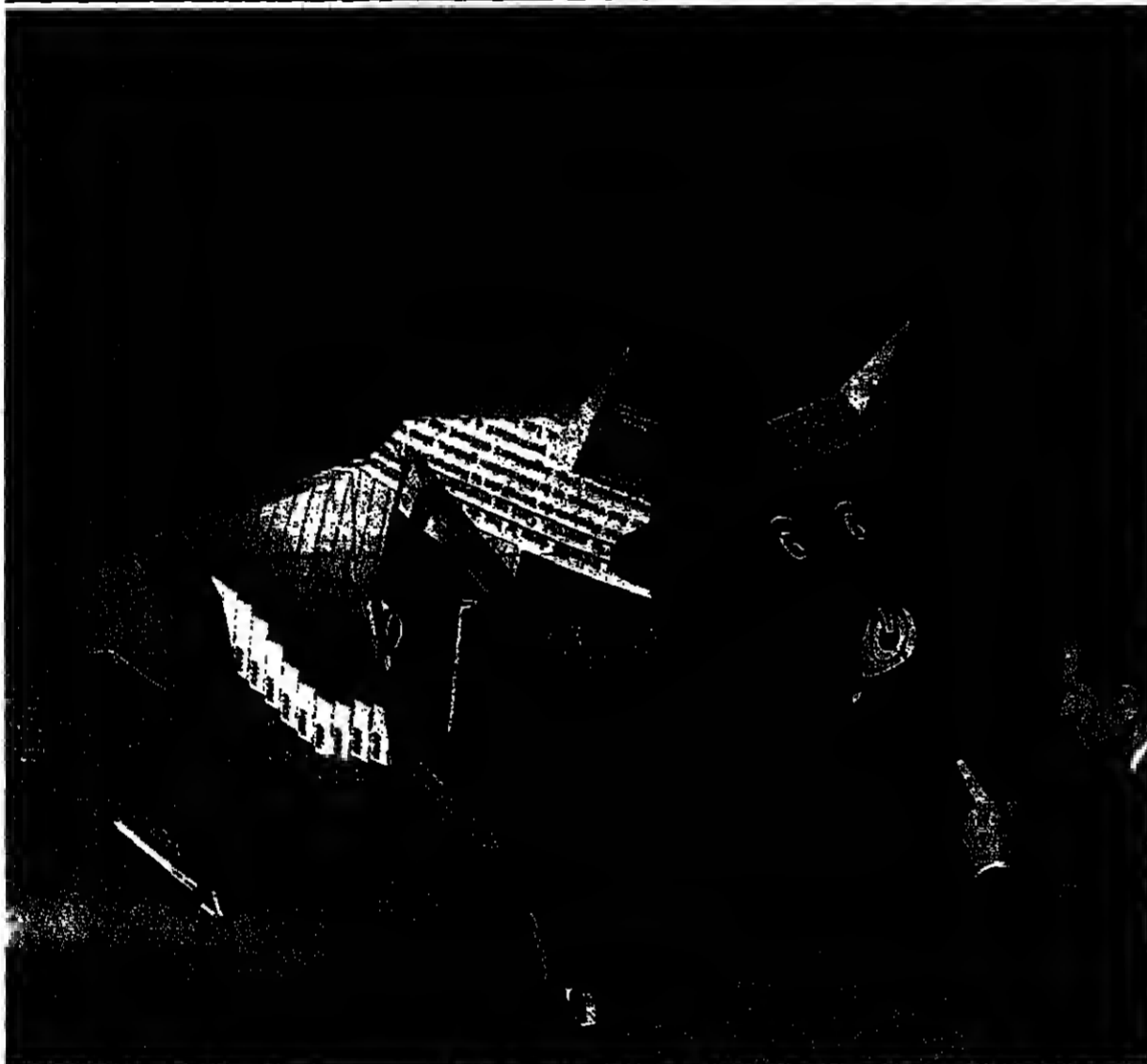
Twenty kilometres to the south lies the village of Lucciana, a collection of stone houses and a church perched on a hillside over a ravine. Lucciana's mayor was murdered two years ago, the first and so far only elected representative to have been killed in 20 years of violence.

A steep holding wall above the main road is daubed with tributes to the FLNC — the military wing of Pieri and Lorenzi's Corsica movement — and its martyrs. Past the village proper, the road is lined with family vaults, ornate and flower-strewn, behind padlocks and railings.

A little further on, the Luc-

ciana cemetery, clustered round a big, ruined church, is arranged on terraces shaded by cypresses and overlooking the sea. The sickly scent of hundreds of flowers is overpowering. Piled up by a family vault on the left, impossible to miss, are dozens of wreaths, bouquets and plaques, each with a message of condolence. The night shift at the hospital where he died sent a wreath, regretting they could not save him. But in pride of place stands the wreath from the terrorist group, the FLNC.

In Bastia, everyone, from the mayor down, fears a revenge attack for Lorenzi's death, but still no one seems to know who planted the bomb, or why. For once, though, the authorities are looking beyond the standard explanation — that it's just in the Corsican tradition of vendettas — and taking seriously the threat to law and order. As the mayor and the prefect both implied in their tributes this weekend, however, Corsica is still waiting for its Judge Falcone.



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HEWLETT-PACKARD

## Socialist rebels threaten Gonzalez

Leaders of the Spanish Socialist Party, narrowly defeated in the general elections last March, are facing an incipient rebellion in the ranks, writes Elizabeth Nash.

Regional barons and disaffected former ministers have been urging that a special congress be called to replace the existing leadership, including Felipe Gonzalez as party leader. The mutiny was sparked by

two recent corruption scandals within the party. In the first, the regional leader in Navarra quit after being accused of siphoning off party funds into his private Swiss bank account.

In the second, an Andalusian party boss was suspended on suspicion of taking money for granting the right-wing mayor of Marbella, Jesus Gil y Gil, unauthorised building permission. The party was initially re-

lived after it prevented prevented the conservative Popular Party from winning an outright majority at the polls in March.

But the party has made a feeble opposition debut. Mr Gonzalez said that he wanted to allow Jose Maria Aznar time to establish himself as Prime Minister, and said that he would take a political holiday until September.

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# 'Hawk' clips Israeli PM's wings

PATRICK COCKBURN  
Jerusalem

It is Benjamin Netanyahu's biggest defeat since he became Prime Minister. As he flew off to Washington yesterday the Israeli parliament was creating a custom-made ministry for General Ariel Sharon, the leader of the 1982 invasion of Lebanon, whom Mr Netanyahu has tried and failed to keep out of his cabinet as "a persistent dissident".

In the aftermath of his election victory five weeks ago, it must all have looked easy, Mr Netanyahu had won largely thanks to General Sharon's success in uniting the right and

cultivating religious leaders. But the new Prime Minister showed no enthusiasm for giving a government job to his former chief lieutenant.

What Mr Netanyahu may not have known is that his distrust of General Sharon was only equalled by General Sharon's distrust of him. The general had taken out an insurance policy in the shape of a mutual assistance pact with David Levy, the Foreign Minister, who twice threatened to resign unless General Sharon became a minister.

In the end, Mr Netanyahu's attempt to treat General Sharon like an Israeli Falstaff, whom the 68-year-old hero of

the far right vaguely resembles – ended in humiliation for the Prime Minister. As Mr Netanyahu explained the necessity of creating a new Ministry of National Infrastructure from the podium of the Knesset yesterday he smiled ingratiatingly at General Sharon, who sat staring grumpily ahead.

The dispute was not about ideology, though General Sharon's inclusion in the cabinet will make it more difficult for Mr Netanyahu to show any flexibility towards the Palestinians. Sacked as Defence Minister in 1982 after the massacre of Palestinians at Sabra and Chatila in Beirut, General Sharon calls Yasser Arafat, the

Palestine Liberation Organisation leader, a "war criminal".

Mr Netanyahu is good at shrugging off setbacks. Yesterday he played down the row over General Sharon saying: "Dramatisation adds spice to life." But his attempt to marginalise his old enemies in the Likud party, like Dan Meridor at Finance and David Levy at the Foreign Ministry, has failed. He now faces a cabinet filled with his enemies.

Since he is directly elected, Mr Netanyahu cannot be deposed, but his efforts to remodel the Israeli Prime Minister's Office along the lines of the White House are not going well. Even the attempt to pro-

motte his wife Sara as First Lady is foundering after she was denounced by two of her former nannies for mistreating them.

Personally and politically, Mr Netanyahu, who meets President Clinton today, remains a mystery to Israelis. On policy, he repeats his campaign theme that he will provide greater security, but without making significant concessions to Arab or Palestinian demands.

In the rest of the Middle East this looks like the end of the peace-for-land formula which underlies the Oslo peace agreements. Mr Netanyahu, for his part, blandly says: "What is happening is that the Arabs are adapting – the Palestinians, the

Syrians and others – adapting to the new reality."

Mr Netanyahu is expected to tell President Clinton that Mr Levy will meet Mr Arafat and he will then meet him himself. The Israeli press says he is unlikely to spell out Israeli intentions on withdrawal from most of Hebron or the future of Orient House, the PLO headquarters in East Jerusalem.

But in a US election year, President Clinton, who did all he could to keep Shimon Peres as Israeli premier, will be eager to announce all is well with his Middle East policy. Overall, Mr Netanyahu should have an easier ride than he has had in Israel.

Essay, page 14

## SIGNIFICANT SHORTS

Turkey's political secularism was shattered yesterday when the Prime Minister, Necmettin Erbakan, crowned his marathon bid for power by narrowly winning a vote of confidence in Parliament. MPs voted narrowly to approve Mr Erbakan's coalition with the pro-Western conservative True Path Party of Tansu Ciller, rallying Islamist control of the government for the first time in the 73 years of the Turkish republic and reversing a decades-old taboo. "A new era has begun in Turkey," Mr Erbakan said. "We will work day and night with the spirit of worship." The moment of triumph for Mr Erbakan, 70, and his Welfare Party followed months of manoeuvres that forced the secular elite to cede the Islamists a permanent place at Turkey's political table. *Reuter - Ankara*

Ecuador's populist candidate beat a right-wing free market reformer in Ecuador's presidential run-off election on Sunday. Abdala Bucaram, a self-proclaimed saviour of the poor and opponent of the establishment, facing a minority in the new Congress, immediately held out an olive branch to foes and hope to a business community that feared he might derail economic reforms. Mr Bucaram, a lawyer from the centre-left Roldosista Party who failed in two previous presidential attempts, helped win this third bid by capturing the poor with his fiery attacks on the reforms that have yet to benefit many, and on a discredited political establishment. A 44-year-old former athlete, he is known as "The Crazy One" for his flamboyant personality. He donned a Batman suit in a previous campaign and accused local banks of being linked to Colombian drug cartels and the CIA. *Reuter - Quito*

Pressure has increased on Radovan Karadzic, the Bosnian Serb leader indicted as a war criminal, to step down after the international community threatened to disqualify his party from Bosnian elections. And prosecutors at the Yugoslavia war crimes tribunal in The Hague urged major powers to arrest Mr Karadzic and his military commander, General Ratko Mladic, and hand them over to stand trial for genocide. The call came as UN investigators began to unearth mass graves of massacre victims, starting with Muslims killed in the conquest of Srebrenica a year ago. *Reuter - Sarajevo*

Ukraine's civilian defence minister was dismissed by the president, Leonid Kuchma, yesterday. Valery Shmarov was the sole civilian defence minister in the former Soviet Union outside the Baltic states. A statement from Mr Kuchma's office said Mr Shmarov had been "freed from his duties in connection with his request to that effect". He had been under fire from both nationalists and left-wingers for building a close relationship with NATO. *Reuter - Kiev*

Storms have claimed 17 lives in South Africa, police said, after melting snow revealed three bodies on the streets of towns yesterday. They said eight people had died of exposure while nine suffocated as they huddled around coal fires burning in unventilated shacks. Two days of snowfalls over wide parts of the country blocked major roads, stranded motorists and trapped hikers and climbers. Nationally, the weather bureau said the snowfalls were the worst since June 1964. Some of the heaviest falls occurred in the high-lying eastern part of Free State province, blocking the main artery from Johannesburg to Durban. *Reuter - Johannesburg*

Pilgrims and sightseers are flocking to a small country church in South Australia after its priest described an image of the Virgin Mary and child on the altar wall. "When it first appeared I shared it with people in the congregation and they said, 'well, yes, if you squint your eyes, think good thoughts, maybe... maybe,'" the Rev Andrew Nuttall said yesterday. "But now everybody's coming in. In sceptics, secular humanists, atheists, doubters, people who have no time for the church, and people who are faithful, see it." *Reuter - Adelaide*

## French admit ex-minister's aides bugged

BERNARD EDINGER  
Reuter

Paris — The French defence ministry confirmed yesterday that it had ordered wire-taps on two senior aides to former defence minister François Léotard for unspecified "national security" reasons.

The statement was made after *Le Monde* reported that the surveillance was aimed at discovering whether cash from Saudi arms sales had been diverted to former prime minister Edouard Balladur's presidential campaign.

The disclosure gave a new dimension to scandals over alleged illegal political funding, including that of President Jacques Chirac's Gaullist party.

Prime Minister Alain Juppé and a special commission had approved the wire-taps, as required by law, it said. The commission which oversees wire-taps, headed by a member of France's highest administrative court, said the telephone interceptions were authorised within legal guidelines "which unambiguously exclude any political motives".

Mr Léotard was a senior organiser of Balladur's unsuc-

cessful campaign for the 1995 presidential election, in which Chirac, a fellow Gaullist, defeated him. *Le Monde* said in a front-page story that Chirac's entourage had suspected that in 1993 and 1994, commissions on arms sales to Saudi Arabia, worth hundreds of millions of dollars, had gone to Balladur and his supporters.

*Le Monde* said at least three officials had been subject to wire-taps. It identified them as François Lépine, now regional prefect of the Franche-Comté area of eastern France, Patrice Molle, currently deputy chief of Léotard's personal staff, and Colonel Louis-Pierre Dillais.

Mr Dillais, an intelligence specialist in Mr Léotard's private office, is reported to have coordinated the sinking of the Greenpeace ship *Rainbow Warrior* in New Zealand in 1985. *Le Monde* said Mr Léotard's successor, Charles Millon, ordered the wire-taps after Chirac appointed him to succeed Léotard.

Mr Léotard commented: "I urge the prime minister to explain this practice, which is both astonishing and unjust towards military men or senior officials who have served their country honourably."



Residents forced to flee their homes in Xuanchou, Anhui. Photograph: Reuter

## Floods kill more than 400 in China

Peking (Reuter) — Southern China mopped up yesterday after some of the worst floods in a century killed more than 400 people, with farmers replanting crops and troops hutting river embankments.

With the death toll at least 405 in six provinces and expected to rise as more bodies were dug out from landslides or found in collapsed homes, officials were on alert for more storms as the annual typhoon season neared.

Workers building the world's biggest water control project, the Three Gorges Dam on the Yangtze river, took precautions in case of flooding and opened sluices to reduce the water level, state television said.

"Crops have suffered some serious damage and in some areas are still swamped by water," said an official of the Chinese Red Cross. "There will be some partial grain shortages in disaster areas in the next one or two months and we are planning to transport grain to those areas."

Officials estimated damage from floods that have hit the provinces of Hubei, Guizhou, Zhejiang, Anhui, Jiangxi and Guangdong at over \$2bn with 3.3 million acres and 20 million people affected.

## LA gears up for computer-road

TIM CORNWELL  
Los Angeles

Drivers on a stretch of freeway outside the coastal city of San Diego next summer will not speed and if they drive drunk, it may not much matter. For California, fittingly enough, is to be the venue of an experiment that may truly revolutionise the culture of the car.

Engineers broke ground this week for an ambitious practical test of the so-called driverless freeway. By August 1997, it is planned, cars equipped with sensors to pick up signals from magnetic spikes in the roadway will drive by themselves along a 7.8-mile stretch of Interstate 15 – and turn off, hopefully, at the right exit.

"There are going to be com-

plications to work out, but this is the future of transportation," said Lynn Barton, San Diego coordinator for the consortium of government agencies, car companies and private experts involved in the first experiment of its kind in the world.

The car phone has already lowered the blood pressure of drivers stuck in jams on California's roads. Earlier this year Los Angeles' first double-decker freeway opened, with a high-speed car pool lane for environmentally responsible commuters. But the San Diego project conjures a vision of commuters being conveyed rapidly and safely along so-called smart roads while they read the paper or look at the view. Take the driver out of the equation, transport experts say, and you remove the

90 per cent of crashes blamed on human error.

Back in 1991 the United States Congress passed the Intermodal Transportation Act, aimed at developing a viable automated freeway system by 2002, and providing the bulk of \$200m (£130m) in financing to do it. Governor Pete Wilson put up \$5m in state funding to encourage them to choose a Californian venue. A single lane of Interstate 15 will be used, with engineers working at night to bury the three-inch spikes in the asphalt about one yard apart. Cameras and radar units mounted in the cars will enable them to move in close convoys and even avoid road debris.

Crowded freeways display classic characteristics of chaos theory – at a critical density, a

single driver slowing causes a ripple effect that can create a tailback miles long. The smart cars, by contrast, would communicate their moves by radio.

The question remains whether passengers will trust their lives to a computer. The cars will stay strictly within the speed limit, Mr Barton said. That may be a disappointment for drivers in the the state, who on the rare occasions when traffic is clear like to put their foot down.

Computers presumably will be programmed to resist road rage, and the urge to lead police officers on 100mph chases. That alone could save lives. Between 1993 and 1995, a record 47 people were killed and nearly 2,000 injured in police pursuits in Southern California.

## Coke and apple pie, but this Fourth of July is far from the real thing

### SAIGON DAYS

There was a real live Uncle Sam, a 20-ft high inflatable Coca Cola bottle, a painting of Mount Rushmore, and more apple pie than anyone could eat, but this was no ordinary Fourth of July party. For a start, it was several days late (something to do with the government licences, someone said). Second, the weather was tropically humid (instead of the traditional sharply creased trousers, Uncle Sam wore a pair of dinky star-and-stripe shorts). And third, this was not the United States at all. Welcome to American Independence Day, in the Socialist Republic of Vietnam.

Historical ironies don't come much sharper than this: a celebration of US bounty and democracy in Saigon, the city whose very name epitomises modern America's greatest humiliation. But 21 years after the communist victory, when helicopters carried the last of the ex-pats from the roof of the US Embassy, here they were again. There were rock'n'roll bands, a tug-of-war, and the Dunk Tuh into which luminaries of the local US-Vietnamese community could be plunged with a well-aimed rubber ball. Up on the stage, Uncle Sam si-

lenced the band, and reeled off the list of sponsors: IBM, Chrysler, Jeep, Citibank, Mobil Oil, United Airlines, with special thanks to Baskin Robbins ice cream and Coke "our beverage supplier". "You really never been to a Fourth of July party before?" I was asked by Linda, whose husband works for a management consultancy. "We better get a beer and a burger down you, right now."

Beverage in hand, I waited for the Dunk Tuh for Michael Scown, attorney-at-law, and president of the American Chamber of Commerce of Vietnam. About this, as about much else, Vietnam's Americans have to be careful. The Communist Party, without whose approval no organisation can officially exist, has yet to give its final seal of approval to the Chamber – members cautiously refer to it as "AmCham proposed". "We're like the Hell's Angels," Mr Scown explained. "When we first started out we weren't allowed to meet, but we just stuck at it. I pleaded a lot, and eventually the licences came through for this event."

Licences are required for music, food, and dancing, and Michael had to give a personal undertaking that the festivities would contain no political content.

"So I want it to be on the record that this is not a speech, but a toast," he cautioned the crowd later in the evening. "In memory of that day in Philadelphia in 1776, and that small group of people who dedicated themselves to free trade, free religion and representative government."

Politics or not, these are still qualities noticeably lacking in Vietnamese society. Since Bill Clinton lifted the trade embargo on Vietnam in 1994, 2,500 Americans have found their way to Ho Chi Minh City, as Saigon is now officially called. At the Fourth of July every one of the celebrants had their own story of corruption – the routine bribes and backhanders, the labyrinthine labyrinths of bureaucracy. "We pre-cessor rather than post-cessor," said the Australian publisher of Vietnam's leading English language business journal, and even this does

not always work. For the July issue, the magazine had prepared a celebratory pull-out bearing the names and photographs of the new politburo. Then, on the first day of the Congress, one of the nominees died. "We had to pulp the lot, orders of the Prime Minister's office – 28,500 copies, all because of that dead bastard."

Todd, a 55-year-old Vietnam War vet turned tractor executive recounted the time he found himself in a Hanoi bar with nine Vietnamese contemporaries. "They ask me what I do," he said. "And I never lie about it. So it turned out that while I'd been flying F-4s off the aircraft carriers, these boys had all been MiG pilots. We got so drunk together, by the end of the evening I had them on stage singing the first four verses of the Star Spangled Banner. That's the thing about the Vietnamese: they love Americans."

"We wanted to have a fireworks display, because it's so much a part of the Fourth of July back in the States," said Mr Scown. "But they didn't like the symbolism – Americans firing rockets over Saigon. I guess you can see the point."

Richard Lloyd Parry

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# British politics requires more thought

Like management consultancy, think-tankery is thing of parts. One part is charlatanism, another is opportunism and a third part is chutzpah. Both the consultants and the think tanks rose to their present eminence in the Eighties. Then, if you needed a cover story for mass sacking, you called a consultant; if you needed a fig leaf for a prime minister's whim, such as the poll tax, you whistled up a think-tank report. This was not all bad. It was the decade that taught the Tories to think, and to respect ideas – including foreign ideas. And the right-wing think tanks had real political influence. Without their chutzpah and, at times, their charlatanism, the Thatcherite programme would have lacked some of its internal self-confidence and determination.

Today, however, the think tanks of the right are in decline. They are facing leftist think tanks, which don't seem to have the same influence on Tony Blair as the Conservative ones had on Margaret Thatcher. And now, in a strange turnabout, David Willetts, formerly of the Centre for Policy Studies and now a Conservative minister, has published a CPS pamphlet to denounce – of all things – thinkers and think tanks.

He selects eight gurus (including the unguru-like editor of this newspaper) and chastises them for creating a climate of opinion which is un-British

and may help Mr Blair's New Labour. Unlike the home-spun wisdom of the Tories, Blair, it seems, is surrounded by thinkers influenced by foreigners, including that dreadful Chinaman Confucius. Once he might have sought to explain how an Austrian, Friedrich von Hayek, could both have profoundly influenced the German social market economic model and been hailed by Lady Thatcher. Nor, we seem to recall, was Milton Friedman a yeoman of Sussex.

At any rate, confronted by the proposition that British politicians are being drenched with fresh thinking from home or abroad, we can only say: "We wish." The Institute of Economic Affairs and its aficionados have spun a tale about how Mrs Thatcher was captured by its free-market ideas. It was, in truth, always a little more complicated and duller than they made out. The Thatcherite Tories respected Hayek and Friedman more than they read them. But the evidence of Blair and his colleagues mopping up books of political theory is scant by comparison. There are occasional respectful references to handy bestsellers and the thoughts of American Democratic pundits. Terms such as "stakeholding" have proved useful for a speech or two. Political reform was put on to the party's agenda by the campaigners of Charter 88 and frustrated Labour activists. But the stronger influences on



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Labour's thinking are the current mood of the tabloid and Conservative press, with a nod at the Liberal papers. Labour shows no great relish for ideas. Indeed, we rather fear that Mr Paul Dacre, editor of the *Daily Mail*, is as strong a current influence on the party as any liberal pundit or modish economist. It's certainly the case that Mr Willetts, as an opponent, is paying more respectful intellectual attention to the alleged Blair gurus than Blair does.

That, however, is politics. Authors and think-tank directors would love us to believe that there is an old-fashioned intellectual hegemony which can be

spun together and will trap the dominant politicians of the day. But the times when a coherent intellectual movement has swept through a capital have tended to produce bad, sometimes bloody, politics. Leninism was coherent and, up to a point, intellectual. So was the "Republican revolution" in America, which is now lying smashed by the force of its own logic. These days, the left is relatively uninteresting compared to the hard-edged thinkers of the right. The left's ideas are kinder, gentler and vaguer. Even the most kindly disposed friends of the Institute of Public Policy Research would admit that it is low key.

Demos, that enfant terrible of recent think tanks, is a great predictor of trends and tendencies. But we need to distinguish ideas that actually make it into policy (which are few) and ideas which shake things up by flipping over the prism of perspective.

The ideas on offer to Labour now are simple and starting points only. "Globalisation" does not get us far, but at least it points to the dependency of workforces, even regions on the ever-faster velocity of capital: insecurity is a real and common feeling. Political reform is not an idea imported from Germany, or anywhere else, but a common-sense reaction to the failings of the British political system over the past 20 years – failings felt by most observers, specialist or not. The centralisation of government is an observable fact. On social policy, there are as many remedies as thinkers, but a new toughness on welfare among some on the left is not intellectual, so much as a reaction to the lives and opinions of Labour constituents. These ideas are in the air and will influence Labour not because some people have written books, but because they correspond to common feelings, repeated in newspapers and MPs' surgeries.

Does this mean that the gurus and their enemies are equally irrelevant? Not at all. Thinkers, never a terribly popular lot in Britain, have a role and

responsibility in arming and equipping political leaders to subvert and challenge public opinion, but also to educate and inform it. Whether they congregate in tanks or move like free spirits along the M40, we all need more not less thinking.

## Around the world again

Magellan did it through his straits. Francis Drake did it on his *Hind*. Captain James Cook would have done it – had the natives not been so friendly. It was still relatively interesting when Chay Blyth did it single-handedly on a boat commemorating a nationalised industry.

But a quarter of a century later, it has to be said that, however it is done, whether east to west, back to front, in a canoe or a catamaran, circumnavigation of the globe has become a bit of a ritual.

Two-and-a-half cheers only, then, for Samantha Brewster and her feat of lone sailing. The tang of the salt off Tierra del Fuego, the threat of typhoons in Celebes, nothing can detract from the drama of this odyssey except that repeat mariners know what to expect.

## LETTERS TO THE EDITOR

### Putting a price on the environment

Sir: John Gummer's "real anger" (Letters, 5 July) at Labour's lack of environmental commitment would be more convincing if he had not been supporting the international effort of some neo-liberal economists to "monetise" nature and amenity.

Their theory is that human lives should be valued according to whether they are lived in rich countries or poor ones, so that the life of a North American or a West European is many tens of times more valuable than that of a Bangladeshi.

The same doctrine seeks to find a money value for individual components of the environment by asking what financial compensation affected individuals might accept for the loss of them.

Both these doctrines are expressions of that monetarist philosophy which has proved incapable of understanding that, in allowing misuse of "the environment", governments are exacting subsidies from today's poor, and from all future generations, for the benefit of today's fat cats. These subsidies are what need sorting out by the world's official economists, including Mr Gummer's, and they can't do it using the vocabulary of "the market".

WAYLAND KENNET  
(Lord Kennet)  
House of Lords  
London SW1

Sir: With an election date looming it is not enough for Frank Dobson to promise those concerned with the low profile of Labour's environment policy that "more will be made available in due course" (Letter, 8 July). Labour's draft manifesto says they will "encourage" energy saving, "promote" green business and "recognise" environmental challenges – but it fails to say how it will achieve any of these.

We can all recognise the challenge. Even the Conservative Party shares these aims. However, only the Liberal Democrats are prepared to rise to that challenge with specific policies.

We are the only one of the major political parties to make the commitment that the Climate Action Network UK calls for: a target of reducing CO<sub>2</sub> emissions by 50 per cent over 15 years, and we explain in detail how we would achieve it. We are committed to detailed proposals to shift to environment taxation – taxing pollution but using the funds to cut taxes on jobs and products.

Every politician likes to sound green these days but Liberal Democrats uniquely explain what we will do about it.  
MATTHEW TAYLOR MP  
(Truro, Lib Dem)  
Liberal Democrat Environment Spokesperson  
House of Commons  
London SW1

### Merry July

Sir: This morning (8 July) I received a Christmas card from the president of Help the Aged, together with a catalogue of their cards for purchase. With almost half the year still to go, I wonder, is this a record?  
SUE MILLER  
Oxford



### No way to control the baby

Sir: Speaking as a relative pro (GP and mother of four) I would like to encourage people who don't "stay in control" and use painkillers during birth (reports, 5 July). We strive to be in charge of our partners, our midwives, our doctors and ourselves, but can we really be in control of the baby?

My first was an epidural because I couldn't stand the pain, the next was natural but uncomfortable, the third was a dream birth, and the last was the worst, despite gas and air. This was nothing to do with my attitude or the hospital's, but because presumably the baby was a different shape and the labour took a different path.

If you have a perfect birth, say thanks to the baby, and when it's hard and you need help remember it is the beginning of allowing freedom to your child.  
DR ET MANN  
Harrogate, North Yorkshire

### Save the whale from myths

Sir: Much of what Roger Scruton (report, 3 July) has to say about animal rights is worthy of consideration. To enlist *Moby Dick*, though, as a vindication of whaling does lead one to wonder whether Professor Scruton has undertaken a serious study of what may well be, as he puts it, the "greatest American novel".

First, Melville "account[s] the whale immortal in his species" – that is, that his "Leviathans" are immune to extinction.

Secondly, to argue along these lines seems to suggest that Melville's priority in *Moby Dick* was to provide an account of the whale fishery of the 19th century, or a natural history of the great "fish" (yes: Melville defends the view that whales are fish). So far as Ahab was "monomaniacal" about the great white whale, and so far as this monomania corrupted his humanity, it might better be stated that *Moby Dick* is a cautionary tale to all persons who objectify things (one great white whale; other animals) and pursue them indifferent to how the pursuit impacts upon both his moral nature and the community of which he is a part.  
JELLIS PERRY  
Department of Philosophy  
University of Aberdeen

### Sabotage plan for angry dons

Sir: The media have been absorbed with the rows over salaries for airline pilots and MPs. Could you find a column inch or two to address academics' salaries?

After protracted negotiations university lecturers have been made a final offer of 1.5 per cent. None of us can remember when we last received a pay rise that matched inflation.

I suggest that from next autumn we simply take every application form for a place at a British university and put it through the office shredder, or at least lock it away in a safe place until after the next general election. Schools.

applicants and their parents might then at least become aware that there is a problem. Some of those parents might well be senior civil servants and politicians.

It is very important that we do not hurt our present students. I suggest we award all of them first-class degrees next year. The students won't complain, but it might create problems for prospective employers – business, the Civil Service, the media. As none of these bodies care about us, why should we care about them?

Now, it might be that we will be deemed to be breaking the law – so I suggest that all academics be put in boot camps: we will benefit from the physical exercise and the mental relaxation. And who will staff the universities during our absence? Draft in the military! The entertainment value of the ensuing scenes will boost the nation's morale no end.  
DR ROBERT FORSTER  
Department of Russian Studies  
Bristol University

### Golden age of consensus

Sir: Fifty years ago was certainly no golden age (leading article 6 July). Britain was bankrupt after a six-year war, but let's try forty years ago, when the post-war cross-party agreement on the welfare state and full employment had something to show.

In 1955 there were only 232,000 unemployed (1.1 per cent) and 192,000 houses were built for local

authorities. The average rate of inflation for the previous three years was just under 3 per cent. Personal taxes were high, but there were no beggars on the streets or either teenagers or the mentally unstable sleeping rough.

In England and Wales the number of divorces was only 7 per cent of the number of marriages. The 1955 records show only 30 murders. The streets were safe and there was not enough mugging to be recorded.

Now we have abandoned all that for the "permissive society", where, to quote the Book of Judges, "Everyone did that which was right in their own eyes". The rich get richer and the poor get poorer. There are now nearly ten times as many unemployed. Half the marriages now end in divorce, leaving half today's children with that undesired trauma.

It is hardly surprising that if we are now told by our intellectual leaders that there is no life after death and certainly no judgement for what we get away with here, that we grab what we can, while we can, however we can and hold on to it hard. Even the Labour Party have abandoned any commitments either to full employment or to expenditure which would raise taxes, however slightly, on the rich to look after the sick, the poor and homeless or to bring our education up to the level of our competitors. The second great commandment of the Christian faith is that we should love our neighbour as ourselves. We forget that at our peril.  
SIR FRED CATHERWOOD  
President, The Evangelical Alliance  
London SE11

### Power to the judges

Sir: Francesa Klug of Charter 88 (Letter, 5 July) contests my statement that a Bill of Rights would necessarily shift power to judges. In doing so, she amply illustrates why I am right.

Opportunities to sue government ministers and public officials have already grown enormously in recent decades, without a Bill of Rights. The mind boggles at the torrent of litigation which would result if judges were also required to weigh government decisions against a vague list of "universal values".

The experience of the New Zealand Bill of Rights model, where the courts cannot overturn legislation, also supports my contention. The New Zealand Bill of Rights was not entrenched due to lack of popular support for such a move. Yet the New Zealand Court of Appeal has already succeeded in making the Bill of Rights into an instrument that goes far beyond what was originally intended by New Zealand's parliament.

Ms Klug argues that international human rights instruments provide a suitable source for a common set of values. The proponents of "objective values" must restrict themselves to a few abstract ideals whose vagueness allows almost any interpretation. By judges. I have no doubt that Messrs Woolf, Slynn and others are very clever chaps but we should not ask them to become philosopher-kings.  
RICHARD BACON  
London SW1

### Options open on windfall tax

Sir: Insinuations in the *Independent* (3, 4 July) that some privatised utilities are "hopeful" of exemption from Labour's proposed windfall tax have no basis whatever.

I have met representatives of British Gas – though the purpose of our meeting was not to discuss the windfall tax – and I have met others, including a representative of National Grid, who have specifically wanted to discuss the windfall tax.

I have spelt out on each occasion that Labour has a clear policy of a windfall levy in the monopolistic profits of privatised utilities. I have also on each occasion confirmed what we have said previously – that the introduction of such a levy would be after consultation in government with the industry regulators and that no commitments have been, or are being made, on the level, method of assessment or scope of the levy.

The utilities are important industries, which we want to see give a good service to consumers and make successful contribution to the economy. It is right that we meet them to discuss matters of mutual concern, and receive their representations. But the application of our policy – strongly supported by the public – will not be deflected by misleading analysis or lobbying pressure.  
ANDREW SMITH MP  
(Oxford East, Lab)  
Shadow Chief Secretary to the Treasury  
House of Commons  
London SW1

### Love, death and film rights

Sir: The point of Roger Clarke's article "Death in Venice – the Remix" (5 July) was obviously to let his imagination run riot. I feel obliged, however, to point out two particular inaccuracies concerning the film production *Love and Death on Long Island*.

The figure of £5000 bears no relation to the purchase of the film rights from Gilbert Adair. Chance would have been a fine thing.

The Canadian hackers made no intervention in the casting process, and were not made "nervous" by any aspect of it. In my limited experience, a nervous hacker is a noo-hacker.  
RICHARD KWIETNIOWSKI  
London NW1

### Just relax

Sir: Bernice Weston's Age Power (report, 4 July) seems hardly more than an attempt to market manic activity as an elixir. When over the hill you do indeed gather speed. You also get a clear view of what is at the bottom. If the over-fifties feel bad about the future it is because they simply regret the human condition, not that there is insufficient to do. I strongly advise them to avoid this fatuous enterprise and recover the innate human aptitude for indolence.  
MICHAEL MCKEON  
Middleton in Teesdale,  
Co Durham

### Slogan war

Sir: If "New Labour, New Danger", why not "Old Tory, Old Story"?  
D W NIXON  
Albrighton,  
Shropshire

# What is the Jewish state for?

In Israel, John Lichfield discovers a nation divided over how to make peace but sharing a collective identity crisis

## Part One: West Bank

Six teenage Israeli soldiers, rifles propped across their laps, are sitting in the dust, eating choc ices. Beside them is a rambling, ancient building, which is part mosque, part synagogue. According to the Book of Genesis, Chapter 23, a cave beneath the building is the burial place of Abraham, patriarch of Judaism and also of Islam. Here also rest Abraham's wife Sarah and their son Isaac and his wife Rebecca.

A sleepy menace fills the air. Jews are forbidden by the Israeli army to enter the back of the building, which is a mosque. Muslims are forbidden to enter the front, which is a synagogue. Only "Christians" (short-hand for everyone else) are allowed to visit both. The crumbling streets are deserted save for Israeli paratroopers and groups of children. A gang of Palestinian kids chat to a grinning Israeli soldier: two Jewish kids play on tricycles. The children, who ignore each other, look startlingly similar. They can be told apart only by the small knitted kippas which the Jewish youngsters wear. In this place, at this time, it is reasonable to assume that their parents might cheerfully kill each other.

This is Hebron, the third most holy town in the Holy Land, and the only large Palestinian town on the West Bank still under Israeli control. In the next couple of days – maybe as soon as today – Hebron will provide the first real clue to the intentions of the new Israeli government of Bibi Netanyahu.

It was here, at the Tomb of the Patriarchs in December 1994, that a Jewish settler, Baruch Goldstein, murdered 29 Muslim pilgrims at prayer. It was here that Yigal Amir, the man who murdered Prime Minister Yitzhak Rabin in November last year, spent most of his weekends, praying with a group of 200 biblically-inspired Israeli extremists who insist on living in the heart of an otherwise wholly Palestinian town. Why they do it because it was also here that an entire Jewish community was massacred by Arabs in 1929.

Equally, Hebron is regarded as one of the principle strongholds of Hamas, the Islamic movement behind the suicide bombings of Israeli cities in February and March which help to explain – but do not wholly explain – the defeat last month of Mr Rabin's successor, Shimon Peres.

When Mr Netanyahu meets President Clinton in Washington today, Hebron will be at the top of the agenda. Under the



An ultra-Orthodox Jew under arrest after a protest in Jerusalem; but those with strong religious views are not alone in feeling bewildered at Israel today

Brian Hender/AP

terms of the second Oslo agreement between Israelis and Palestinians, the Israeli Defence Force (IDF) was supposed to have "redeployed" in March, remaining only in the town centre to defend the small, aggressive Jewish community there. The transfer was postponed by the Hamas bombings and again by the Israeli elections.

During his campaign, candidate Netanyahu, prospecting for votes on the religious right, said he might delay the redeployment in Hebron indefinitely. To do so would be a clear signal that he intends to adopt a confrontational approach with the Palestinians (and the US) which would, in effect, bury the peace process.

On the other hand, if he tells President Clinton today that Israeli troops will shortly leave most of Hebron, Netanyahu will be hailed in the West as a pragmatist, prepared to keep the peace process on track to who-knows-where.

Which is it to be? Perhaps neither. The word is that the IDF is already packing up and leaving purely Palestinian areas. However, to cover his domestic right flank, Netanyahu is expected to strengthen (at least cosmetically) the IDF grip on

## The mind reels with an overload of conflicting certainties

the town centre. The West – even the Palestinian leadership – may accept this fudge with relief. But local Palestinian leaders forecast trouble.

Hebron encapsulates not only the convoluted and bloody history of this part of the Middle East but also its muddled and hazardous, immediate future. Dozens of conversations in the past eight days

across Israel, Golan and the West Bank with politicians, officials, soldiers and citizens leave the mind reeling with an overload of categorical (and mutually conflicting) certainties.

But here is a working hypothesis: there will be no frontal assault on the peace process by Benjamin "Bibi" Netanyahu. He will try to muddle his way for at least a year without a clear idea of what he is muddling towards. It is a commonplace among Israelis – even those who voted for him – to complain: "Who is Bibi Netanyahu? No-one knows." In this, if in nothing else, Mr Netanyahu is a man perfectly suited to the moment. Israel is going through an identity crisis, more wrenching than any in its brief history.

## Part Two: Jerusalem

Golan and Tel Aviv

Any course in "the Middle East for beginners" should include 10 minutes among the tribes of modern Israel at the Jerusalem central bus station. A young woman sells pirated rock 'n' roll CDs: two ultra-Orthodox young men in dark suits and broad-brimmed black hats shove each other for a seat on the bus: a black (Ethiopian) Israeli serves kosher sandwiches to an impatient queue wearing a selection of black hats and baseball caps.

Last month's election, the most important in Israeli history, was shaped as much by questions Israelis asked of and about themselves: Who are we? Why are we here? Do we want to become a "normal" Western

state? Or do we want to create something uniquely Jewish? What are Jewish values?

To this should be added a related question, which Israelis tend not to ask: Would a renewed emphasis on Jewishness – something promised by Mr Netanyahu – make peace with the Arabs easier or harder?

Iti Elitam is a farmer on the Golan Heights, mother of seven, and wife of a general. "What does it mean to be a Jew in a Jewish state," she asks. "If you end up living in a little America! Why do we take all this heavy stuff on ourselves? [She waves towards the bookshelves full of Hebrew texts] when our children say they want to be American. Eighty per cent of young people in Israel don't know the ten commandments. That's the problem we have. We have to make the life of our young people meaningful. In the Jewish way, Jewish values. A Jewish life."

The hattles within Israeli society are sometimes presented as a struggle between secular liberals and religious conservatives. Such a struggle does exist and sometimes turns violent. In Jerusalem last weekend 3,000 black-hatted Haredi Jews hurled stones and insults at police in an attempt to close a major city thoroughfare that they insist should be closed on Shabbat (the sabbath). But not the only ones to survey Israel today and to feel a sense of bewilderment.

A very senior Labour figure, speaking off the record, said his party – although well-known to

be a bastion of secular Israel – lost the election partly because it trampled unnecessarily on the sensitivities of such people (Israel's silent majority). "We came over for the first time as anti-religious, rather than secular but tolerant."

## Who are we? Why are we here? What are Jewish values?

The fundamental argument – sometimes raging within individual Israelis – is between Israel as a chosen country and Israel as a normal country. With prosperity surging in the quasi-peace of the past three years, "normality" is tempting to many non- or semi-religious Israelis but also alarming. Many, but not all, religious Jews take a hard line in the Palestinian debate (which is also in a sense about normalising Israel's relations with its enemy-neighbours). Many, but not all, secular-leaning Israelis are inclined to take a risk on peace.

## Part Three: Jericho, Tel Aviv, Hebron

In the Jordan Valley, between Jericho and the Dead Sea, there is a little barbed wire compound flying two flags: the blue and white of Israel and the red, green, white and black flag of Palestine. In the blinding heat (somewhere in the mid 90s

Fahrenheit), a little ceremony is being enacted: Israeli soldiers and Palestinian police are about to set out on a joint patrol through Jericho. Israeli soldiers live on one side of the base; Palestinian "police" (many of them former PLO "freedom fighters" from Iraq or Tunisia) on the other. Between the two a barbed-wire fence provides a neat emblem of the ambiguous condition of Israeli-Palestinian relations.

Captain Fuad Rajhi, a Palestinian officer is asked whether it is humiliating to serve alongside his former enemies. He replies cryptically, quoting Shimon Peres: "Peace is made between enemies, not between friends."

Just before we leave, another Palestinian officer discovers that our Arabic-speaking travelling companion was born in Baghdad. He asks him, when no one else is listening, what he thinks of the situation there. Our companion, mischievously and untruthfully, says that he is a strong supporter of Saddam. The officer, who had been backslapping with the Israelis two minutes before, beams and says: "God bless you sir."

Such talk is commonplace between Palestinians in private, including, it is said, Yasser Arafat. If you believe the peace process is a sham, or doomed to fail, here is your proof. But many senior pro-peace Israeli politicians and officials insist that it proves nothing.

Ehud Barak is a former head of the Israeli armed forces, and the man most likely to succeed Shimon Peres next year as

leader of the Labour party. Speaking in his temporary office in Tel Aviv, he says he has no doubt that Arafat and some of those around him still nurse hopes of dismantling the Jewish state. "This is the dream, but so what? He has a right to dream. It will lead him nowhere."

The reality, says Mr Barak (one of the most hard-headed Labour hawks) is that Arafat recognises that he must deal with Israel to preserve his own power and influence from the Islamist challenge of Hamas.

The only way to "alter the dynamics" of the Middle East, he says, is for Israel to take a "calculated risk" to satisfy legitimate Palestinian demands and hope that Palestinian, and other Arab, attitudes are changed by economic and social benefits of the peace.

Israel, he says, can afford to take a risk. "We are too strong, militarily and economically, to be removed from the Middle East and the Arabs now know that. Some people in Likud will not accept that. They have a shetel [ghetto] state of mind which must feel itself constantly threatened by enemies all around."

Netanyahu has a dilemma: whether to go ahead with his election slogans and the traditional postures of Likud and inevitably break his head on the political realities of the Middle East or to pull into the centre and go along with the broad lines of our policies. I am fully confident, knowing the personality, that he will go the second way.

But, as Ehud Barak says, Netanyahu has in effect handed Hamas a veto over the peace process. Even if he does keep the show on the road, it is entirely unclear where he is prepared to go in the talks on the "final status" of the Palestinian state-in-embryo.

Yoissi Alpher, a former Mossad (Israeli intelligence) executive, who was involved in the private negotiations that led eventually to the Oslo agreement, puts it this way: "In a worst-case scenario, the process could fall apart on any number of short-term problems or a resurgence of Hamas terror. It's a best-case scenario, we are looking one year from now at a major crisis in the final status negotiations."

Then what? Of the many election promises Netanyahu made, there is maybe only one really dear to his heart: his promise to bring Reagan-Thatcherism to Israel and create a new economic golden age. The existing boom in foreign investment in Israel depends entirely on peace: a collapse in the negotiations with the Palestinians could turn Bibi's golden age to lead.

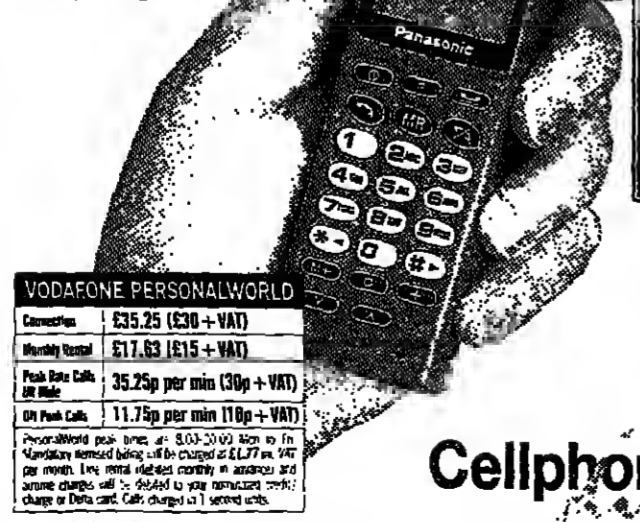
There are some politicians and commentators who believe that, rather than allow this to happen, Netanyahu will ditch some of the religious and rightist parts of his coalition, and seek a grand coalition with Labour. But to do so would bring him head-on into collision with that other great explosive question of Israeli politics: what is the Jewish state for? Peace and prosperity might be adequate answers in almost any other country. Not in Israel.

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## All that detritus we fill our heads with ...

So anyway, I just happened to write the other day that Arthur Askey's catchphrase was "Give him the money, Barney!" and the letters rolled in from all round the globe to point out that I had got it all wrong. It wasn't Arthur Askey at all, it was Wilfred Pickles, on his radio programme *Have a Go!*

Some of you were openly contemptuous of my mistake, some of you were quite kind and understanding, pretending that I really knew the truth all along. And for those of you who haven't the faintest what this is all about, a letter from a correspondent called Hilary Mackenzie will fill you in.

She says: "The catchphrase came from Wilfred Pickles who hosted a rather dreadful cross between a quiz and a chatshow in the Forties. It was called *Have a Go!* and that in itself was a popular catchphrase. The programme trilled with them – eg 'What's on the table, Mabel?' referring to the glittering prizes available like a pair of fur gloves or 30 bob, and also the stunning question, 'Have you ever had

an embarrassing moment?' (this invariably to shy young women whose knicker elastic had failed them at solemn moments).

"My grandmother adored this stuff: my parents dismissed it as 'corny' (another dated word). As a child, I saw it as yet another example of the daftness of grown-ups. But I've remembered all the catchphrases! Isn't it maddening?"

Yes. And the silly thing is that I knew perfectly well that it was Wilfred Pickles who said "Give her the money, Barney!" and that Arthur Askey was someone quite different, someone whose catchphrases were "Hello playmates!" and "I thank you!"

He was also someone who made 78 rpm records of songs like "The Worm", "The Bee" and "The Knitting Song", which my father had bought and got tired of, and which I thought were hilarious. Even these many years later I can remember whole chunks of these ditties, such as the opening of the "Knitting Song":

Some like football  
Some like darts



Miles Kington

*I like knitting  
And the gender arts  
Half a dozen needles  
An ounce or two of wool  
Fills my cup of happiness –  
Chock full ...*

I think I even saw Arthur Askey on stage once, when I was a lad in the Fifties, and we always went to the local pantomime in Liverpool, which brings me miraculously to the next point on which I have been copiously corrected by readers. I said recently I had come across the word "jigger" in a Billy Bunter book, being used to mean "a bicycle". I took the chance at the time of supplying an exhaustive list of other meanings of "jigger". But to Liverpoolian readers

it was not exhaustive. Quite a handful have written to me to say that there was a peculiarly Scouse meaning of the word, referring to the lane running between back gardens of terraced houses.

Janet Laming, now of Cambridge, says: "When I was a child in Liverpool in the Forties and Fifties, streets of terraced houses often had a parallel alley at the bottom of the hackyards or gardens, giving pedestrian access to the house. I sometimes heard it said of a bony-legged man that 'he couldn't stop a pig in a jigger'. I never met a pig in a jigger, but the idea caught my imagination enough to have stayed with me."

A wonderful expression, and I shall try to adopt it. However, I was really hoping that someone would come up with other slang expressions for a bicycle except for "jigger", as it seems odd that we have no demotic word for a bike apart from "bike". The only letter on the subject has come from Mr Paul Dillingham in far off Finland, who says that he was taught at

Winchester in the Fifties that "bogle" was a colloquial word for bicycle.

I have never heard of this. I do know, however, that in Scotland the word "hogle" means a ghost. Does this add anything to the richness of the debate? The answer, of course, is that it does not.

And that concludes this round-up of recent readers' points – except to say that I am impressed by a fax from Glasgow, bearing Gerry Dunne's nominations for a competition I mentioned for the Most Annoying Remarks in Daily Life:

"Not to put too fine a point on it."

"Not so as you'd notice".

"A word's as good as a nod to a blind man."

"What's your problem, then?"

"Cat got your tongue?"

"As I was saying before, I was so rudely interrupted ..."

"Can I just run this by you?"

"How long is a piece of string?"

"To which I would just add, 'I hear what you're saying' and 'There you go then'."

# Marching the ancient Orange road to nowhere

When the leader of the Ulster Unionist Party, David Trimble, offered the opinion yesterday that the Orange Order is no more sectarian in its outlook and social role than other Protestant organisations such as the Guides, my mind was suddenly suffused with a disturbingly congenial image of shiny-faced little girls in berets and ankle socks storming up Rossville Street waving light cudgels and squeaking at the top of tiny voices. "Kill the Fenian bastards!"

This was the slogan shouted, more gruffly, by ominous members of the Orange Order and the Apprentice Boys as they erupted into the Bogside on 12 August 1969 with a view to putting managers on uppy "Fenians" who had dared to oppose the annual "Boys" parade along the edge of the overwhelmingly Catholic areas in Derry.

In truth, while there was scarcely anyone in the Bogside who wasn't thoroughly opposed to the Apprentice Boys' march, only a minority had gone down to the bottom of Rossville Street to proclaim their hostility. But the incursion into the area of a force of men with sashes around their necks and mayhem on their

**Ulster's traditions are the problem not the solution, says Eamonn McCann**

minds changed that in a twinkling. The Bogside erupted. Two days and nights of fighting followed. Efforts by the RUC to reimpose order on the area ended with members of the force literally falling down from exhaustion. On the afternoon of 14 August, men of the Prince of Wales Own Regiment, ordered in by the Home Secretary, James Callaghan, threw a barricade of barbed wire across the main entrance between the Bogside and the city centre.

Thus did an Orange march trigger the events that led to Unionism's loss of local control over law and order. Unionist leaders have been striving without success to regain this ground ever since. They are determined at least not to have to give away any more.



David Trimble sports the colours

Photograph: PA

Their problem is that the ground has changed, not just in terms of sectarian demography – the Garvaghy Road in Portadown (where David Trimble's massed forces demand a march) was "mixed" in 1969 but is now overwhelmingly Catholic – but also in terms of political balance and context.

The relative numerical growth in the Catholic population, the more

remarkable growth in the size and self-confidence of the Catholic middle class, the economic shifts that have made southern Ireland a junior partner rather than a poor neighbour of Britain in Europe, the impoverishment of sections of the Protestant working class that could once look to the Orange lodge for marginal advantage over Catholics, the internationalisation of the north-

ern conflict generally, all this had made the chances of the "Orange State" being reconstituted so remote as scarcely to be worth thinking about.

Except that there is little in the philosophy of Orangeism for its leaders to think about. David Trimble and Ian Paisley are, of course, right when they say that their marches – all 2,500-plus of them annually – are "traditional". The marches have been the main means whereby Unionist leaders have symbolised and celebrated the second-class-citizenship not just of Catholics but of all who have dissented from the notion of "Protestant Ulster".

The Orange Order is not just a Protestant organisation. It is certainly not – despite the presumably well-meaning promotional efforts of the "cultural traditions" lobby – a harmless expression of "Protestant communal culture".

It is not Protestant but specifically and explicitly anti-Catholic.

Catholics cannot join, of course. A member who marries a Catholic or attends a Catholic religious service is liable to expulsion. In 1959, Phelim O'Neill, a Unionist MP, was expelled for attending a

Catholic mass in his constituency.

The function of the Order, and the significance of its penchant for parading, was well expressed by its own historian, the Rev John Brown, in the Sixties: "On 12 July and other occasions the Orangemen marched with his lodge behind its flags and drums ... to show his strength in the places where he thought it would do most good. Where you could 'walk' you were dominant and the other things followed."

The tradition that the Orange marches represents is akin, then, to the tradition that persisted until the late Sixties in the southern states of the US that black people should ride at the back of the bus, or the tradition still "honoured" in parts of the world today that husbands have a right to beat wives. It's all about walking over others.

In this perspective, the authenticity of the Orange tradition, far from providing a defence of the practices associated with it, rather testifies to the deep-rootedness of a social evil.

This is by no means a new insight. As far back as 1857, two barristers appointed by the Lord Lieutenant to investigate a horrendous outbreak of

sectarian violence in Belfast on the previous 12 July, reported:

"The Orange system seems to us to have no other practical result than as a means of keeping up the Orange festivals, and celebrating them, leading as they do to violence, outrage, religious animosities, hatred between classes (sic) and, too often, bloodshed and loss of life ... We think it is well to consider whether there is any controlling necessity to keep it alive, notwithstanding the evils that, unfortunately, attend its existence."

Noting that it was "the lower orders" which seemed to do most of the fighting, suffering and even dying, they commented: "With them the war is a real one, personal suffering attends it with them, they are maimed in limb and rendered homeless by it. On them falls the misery of what brings advancement to the more exalted."

Not that, despite their best, or worst, efforts, there is real prospect of advancement for the leaders of Orangeism today. Or that any of them might properly be described as exalted.

Eamonn McCann is a journalist living in the Bogside district of Derry.

# A man who would face both ways

Stephen Dorrell's dreams of leadership are apparent in his careful musings. But is he just all talk, asks Nicholas Timmins

Stephen Dorrell has yet to become one of the cartoonists' favourites. If he ever does, it will doubtless be the bags under his eyes on which they will focus. Right now, he has every right to have them.

He has just completed his first year as Secretary of State for Health. But in that time, aside from running one of the more demanding departments of state, Mr Dorrell has been working hard at his second job – positioning himself for the Tory Party leadership battle to come if the Conservatives go down at the general election.

There have been some remarkable speeches. The man once seen as Peter Walker's heir and so wringing wet that even Julian Critchley once described him as "excessively moderate" has been sounding increasingly Euro-sceptic and a harder man on social policy than many had believed him to be. Education and health, he has said, should remain universal services. But the rest of the welfare state he has airily dismissed as "primarily designed to offer a safety net to those who are unable to provide for themselves." In the cause of this careful positioning, he has even attempted to reclaim Margaret Thatcher as a One Nation Tory.

He cannot be serious. How can he be Margaret Thatcher as a One Nation Tory on the NHS when it is on record that she didn't believe in it as a universal service? Marvellous for the "great accidents" and "terrible diseases" – as she herself once put it – and necessary for the poor. But, according to Kenneth Clarke, her health secretary at the time, she believed for the rest that people "should take responsibility for their own lives and insure for these things".

Dorrell equivocates. "That

may or may not be right," he says. The point is that that is not what happened. As Secretary of State for Education, Mrs Thatcher delivered a universalist education service. And as prime minister, she continued to provide a universalist NHS. "What you have to judge people by," Dorrell avers, "is not the ideas they muse over but the conclusions they come to in ordered decision-making." This is an important sentence.

His own musings, these days, sound a fair way from what is usually seen as traditional One-Nation Toryism. To the right of Kenneth Clarke, for example, who has said the basic pension is a key part of the welfare state and that the de-layered and downsized managers of Middle England want not just good health and education but a modernised welfare system that will help them retrain and find new employment. If Dorrell is saying all the rest of the welfare state is merely a safety net, surely that implies reducing the remainder to means tests? He unhesitatingly agrees. "That's not the implication," he says. "It's the assertion."

So he would means-test the basic state pension and child benefit? Caution enters here. The growth of private pensions means relatively few households rely only on the basic state pension. In that sense, therefore, it already is a safety net, although "we continue with the existing retirement pensions commitment".

What about child benefit? Would he favour means-testing it? He doesn't answer the question. Instead, he carefully repeats that the existing commitment "continues to be the commitment we are delivering".

So how about spending? It should come down, Dorrell says. But he won't indulge in

the targets which the right has been bandying about. "I do think we can get it down," he says. "but I've never believed that setting a target as a new nirvana makes sense." Indeed, he argues: "It may be that the time will come when we conclude we have cut it far enough. But it doesn't seem to me that is in prospect yet."

The difference between musings and actions seems to come in here. Dorrell may be positioning himself better with the right in order to be a possible standard-bearer for the left – perhaps a 45-year-old Dorrell against a 44-year-old Portillo if John Major loses next May.

To be a contender, Dorrell needs another good year, plus the public profile he has so far lacked but is beginning to acquire – both on his own account and at John Major's instigation. He is steadily becoming a Cabinet front man on issues well outside his departmental brief: last week, for example, on the constitution. On television, his open, reasoned, intellectual logic provides a friendlier Tory face to offset Brian Mawhinney's Rottweiler tendencies.

At National Heritage, his first Cabinet post, he did not shine, never quite recovering from appearing miffed, initially, at not getting something more heavyweight. At health, he's become more of a star.

He has defused some of the heat around the NHS reforms by becoming a "bureaucratic" – cutting away at the management costs the reforms have created. He has neatly finessed a potentially damaging confrontation with GPs into what may just become a constructive dialogue. The distinct flush of manager and civil servant in him – traits unusual in politicians – have focussed on a few critical NHS issues: emer-



Dorrell, who will not ask for more funding for the floundering NHS because it would reflect badly on him and his party

Photograph: Edward Sykes

gency cover, intensive-care beds and mental health.

There have been blips. Redrawing the sensible drinking guidelines into what critics dubbed "a boozier's charter" was not the cleverest thing to do in the middle of the Government's anti-drink-driving campaign at Christmas. And there has been BSE. But predictions at the time that mad cow disease would make or break him have proved wide of the mark. It is Douglas Hogg, not Dorrell, who has been wounded by that flak.

The big outstanding question is whether in last year's spending round he won enough money for the NHS in this pre-election year. It is, he accepts, not only tight, but "tighter than usual". But new services are still being developed and he doesn't anticipate a major expansion in waiting times. No, he says, he hasn't thought of going back for more money – and he doesn't intend to.

"I don't believe that way of managing anything makes sense. Of course it is true in every organisation in every walk

of life at any time in history that if you had a bit more you could do a bit more. But the job of those charged with managing something for a given period is to use the resources at their disposal to deliver the best service they can."

It would reflect badly on the NHS, he says, if it had to go back for more cash. And badly on him? "Yes. It would mean we have made a mistake, and I don't believe that is true." And on that judgement, as much as any other, may ride Dorrell's chances of entering the frame.

# An election Tony Blair would best avoid

The leader, the party, and the country at large can only lose if a vote is held for the Shadow Cabinet

Consider this unconsciously revealing remark by Doug Hoyle, chairman of the Parliamentary Labour Party, on the *Today* programme yesterday. Asked by James Naughtie whether the prospect of the Labour Party consuming itself over the summer and early autumn in the divisive internal politicking of the Shadow Cabinet election would not delight the Tory chairman Brian Mawhinney, Mr Hoyle replied, after various platitudes about getting Dr Mawhinney out of office: "I'm afraid we don't run the Labour Party for Mr Mawhinney or anyone else."

OK. It was a slip. No doubt he didn't really intend to say it. Or if he did, he meant "or anyone else in the Conservative Party". And yet in those three little words all the introverted and residual tribalism which 16 years of opposition have still failed quite to extinguish is laid bare. Whether or not the Parliamentary Labour Party breaks its hallowed traditions by not having its hallowed elections this year, Mr Hoyle appears to be saying, is no one's business but its own. Perhaps not Tony Blair's and certainly not, even under a system which Mr Hoyle was adamant would decide who is and who isn't in the first Labour Cabinet for 17 years, yours or mine.

It is our concern, of course, and we'll come to why in a moment. But even if it wasn't, it's easy to make a case, in the Labour Party's own interests, of why it would be crazy to consume many weeks in the run-up to a general election in a prolonged internal campaign for who should be in the Shadow Cabinet.

Many of those insistent on securing elections are motivated as much by the desire to punish as to bring on to the Shadow Cabinet a new and favoured candidate. But however sweet the vengeance in booting Harriet Harman (for sending her son to a grammar school) or Jack Straw (for trying to outflank Michael Howard on law and order) off the Shadow Cabinet, it doesn't require much imagination to see what the Tories will do with such results.

So much for Tony Blair's modernisation, they will say that November day when the Shadow Cabinet results come out: "Today we've seen the real Labour Party at work."

The second and more powerful argument is that it's a rotten system, owing a good deal more to vote-trading and arcane regional and personal alliances than merit or even ideology. At least one innocent candidate in last year's Shadow Cabinet elections was



DONALD MACINTYRE

astonished to be told by another that he could give him the votes of half a dozen of his own supporters if he could have six back in return. The Labour MP Tony Wright yesterday used the analogy of an England football team picked by all the clubs in the league. "That's exactly what happens here – the equivalent of saying 'you have my goalkeeper, we'll take your centre forward'." Whatever else may be going for the system, it has, apart from its capacity to elect the obvious stars, an almost built-in bias against picking the best man or woman for the job.

But essentially that's Labour's problem, and here Mr Hoyle has half a point. What should concern the rest of us is the much larger issue of whether the Shadow Cabinet, elected on this ramshackle basis, should automatically become the Cabinet on day

one of a new Labour government. Standing Order E (1) of the PLP says that "on taking office as Prime Minister the Leader shall appoint as members of his Cabinet those who were elected members of the Parliamentary Committee [ie the Shadow Cabinet] at the dissolution and retained their seats in the new Parliament."

The standard view among MPs is that this means Blair is saddled with the Shadow Cabinet if and when he takes office but can then reshuffle them within a few weeks if he chooses. On Day One, therefore, of the first Labour government for 17 years, the newspapers swell with glowing profiles of the new regime. Then a month later Blair considers whether to risk causing an earthquake in the new government by sacking (say) Michael Meacher, Tom Clarke and goodness knows how many others. This is scarcely sensible politics.

And it matters to a much wider electorate than the Parliamentary Labour Party. Prime ministers, elected by their party and their country, are entrusted by the voters with the right to pick their own team. It's not an exaggeration to say it's part of the unwritten constitution of the country.

What's more, Blair will have Labour Party history on his side if he decides

to choose his own Cabinet from Day One. When Harold Wilson arrived at Downing Street in 1964, he grumbled about having to give "priority" – by convention rather than by rule – to his Shadow Cabinet. But there were only 12 of them. Half the entire Cabinet therefore were his own choice. Even when the new rule was introduced in 1981, at the height of the Bennite party reforms, it was assumed that a new Labour prime minister would be able to appoint half his own cabinet. It's only since then that the Shadow Cabinet has grown as large as, and even larger than, the real one.

Ideally, Blair would seek a majority in the Parliamentary Labour Party for cancellation of this year's Shadow Cabinet elections, and with it the 1981 rule requiring him to appoint the entire Shadow Cabinet to his first real Cabinet. But if he can't do the latter now, he has every reason to ignore the rule or demand that it is changed immediately he arrives in office.

Tony Blair hasn't declared his hand on whether there should be Shadow Cabinet elections this year, let alone on the taboo topic of Standing Order E (1). But the most pressing reason for not having the Shadow Cabinet elections is that they probably will be, and certainly ought to be, irrelevant.

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# UK's national debt doubles under Major

DIANE COYLE,  
SARAH HELM  
and JOHN RENTOU

The national debt has nearly doubled to £360bn since John Major became Prime Minister in November 1990, putting Britain in danger of breaching the Maastricht Treaty limits that it must meet next year to keep open the option of joining the single European currency.

The Treasury's latest economic forecast, which will be published today, will show that because of higher-than-expected public sector borrowing Britain will struggle to meet the requirements on government borrowings and debt.

A shortfall in tax revenues has jeopardised repeated Government claims that it has done better than other European countries in getting borrowing on a downward path.

The Treasury will confirm that government borrowing will overshoot its targets this year by several billion pounds. And the PSBR target for 1997/98 is expected to be revised up by £5bn to around £20bn, which corresponds to a deficit only slightly

below the 3 per cent of GDP limit set by the Maastricht Treaty.

This would be more optimistic than the Organisation for Economic Co-operation and Development, which recently predicted a government borrowing shortfall equivalent to 3.5 per cent of GDP.

Along with this year's re-

vised PSBR target of £27bn, this will take the national debt to over £360bn, twice the end-1990 level. The ratio of debt to GDP will rise above the current 54 per cent ratio, against the 60 per cent Maastricht ceiling.

The surge in government borrowing in the run-up to the 1992 election, compounded by the recession, account for the

soaring National Debt. The level of debt fell to a trough of £183bn at the end of 1990, having declined since 1988. The shortfall between government spending and revenues amounted to £187bn between 1991 and 1995.

Kenneth Clarke, Chancellor of the Exchequer, yesterday attempted to dampen down

hopes of pre-election tax cuts, saying they should be made only if public borrowing was firmly under control.

Mr Clarke said in Brussels: "The overwhelming - the vast majority - of Conservative backbenchers only want tax cuts if they are consistent with control of public spending."

Speaking after a meeting of

European finance ministers, he refuted suggestions his freedom to cut taxes was being limited by Brussels, which is pressing Britain to maintain tighter control of borrowing in the run-up to the single currency.

The EU finance ministers yesterday received a report from their monetary committee warning Britain to avoid tax cuts

if it wanted to keep open the option of joining monetary union, which means observing the strict Maastricht Treaty rules.

Mr Clarke took the committee's advice in his stride, saying: "His recommendations are entirely in line with our policy. It is not telling me anything I do not know already or that I do not already advocate."

Seizing on Mr Clarke's admission at the weekend that "my

hobbies got their estimates wrong", he said that in total, public borrowing had been £44bn higher than was forecast in the pre-election Budget. This meant interest rates were higher than they would otherwise be, he said.

Treasury officials recently admitted they were "baffled" by the £7bn shortfall in tax of - enues last year, about half of which was accounted for by an unexpected undershoot in VAT revenues. Corporation tax was also £2bn lower than forecast, which Mr Brown said strengthened his argument for a windfall levy on the privatised utilities.

## Stagnant manufacturing bodes well for prices

DIANE COYLE  
Economics Editor

The path to a further cut in interest rates was cleared yesterday by figures showing that manufacturing output was flat in May, while both the cost of materials and prices charged at the factory gate declined last month.

The latest evidence of the stagnation in manufacturing came on the eve of publication of the Treasury's summer fore-

cast, which will make it clear that Chancellor Kenneth Clarke's leeway for tax cuts in the next Budget will be tiny.

Many City economists believe the Chancellor will exploit the window of opportunity to reduce the cost of borrowing.

"He has the luck of the devil with the figures," said David Hillier, an economist at BZW, predicting a further reduction in base rates when Mr Clarke meets the Governor of the Bank of England at the end of this month.

The 1.3 per cent June drop in the cost of materials was the highest since September 1993. The year-on-year decline of 4.8 per cent in "core" costs - excluding food, drink, tobacco and petroleum - was the lowest figure since the mid-1980s.

Prices that manufacturers charged at the factory gate fell in June for the second month running, declining 0.2 per cent compared with May. "Core" output price inflation fell to 2 per cent, returning to the mid-

1994 trough and the lowest since the 1960s.

"These are some of the lowest rates of producer price inflation in a decade, with no evidence of input price pressures," a Treasury spokesman said.

Yet manufacturing output was flat in May despite price discounting. Although 0.3 per cent higher in the three months to May compared with the previous three, it remained at the same level as a year earlier.

Food and drink, textiles and engineering output all advanced during the latest three months.

A surge in energy use due to the cold weather took total industrial output 1.4 per cent higher than a year earlier. Total output has risen 1.5 per cent in the latest three months.

Pessimists think industry will spend the rest of the year clearing the overhang of unsold stocks on the warehouse shelves. "Manufacturing output

might well fall for the remainder of this year," said Adam Cole at brokers James Capel.

That bodes well for the outlook for prices. The combination of falling materials costs and weak demand is expected to keep factory gate inflation low.

"This should act as a powerful force to ensure that the Government's inflation target is achieved during the first half of 1997," predicted David Walton at Goldman Sachs.

## Yorkshire sold as cable consolidates

MATTHEW HORSMAN  
Media Editor

The long-awaited consolidation of the cable industry began in earnest yesterday, with the news that General Cable was poised to acquire the 50 per cent of Yorkshire Cable Group it did not already own, in an all-share deal worth £160m.

The move is the first sign of large-scale consolidation since last year's merger of Telewest and SBC Cablecomms, which had been expected to launch a rapid consolidation in the cable market.

The seller, Singapore Telecom, said yesterday it was acting on its stated strategy of shifting focus from the UK to the fast-moving Asian cable markets, particularly China.

General Cable, which owns large stakes in three regional cable operators, said it was the "right deal at the right time". Philippe Galleau, chief executive, said the company would look at other acquisition targets, "provided they enhanced shareholder value".

Analysts said yesterday that the current 15 operators were likely to be reduced to just six by the end of next year.

The next high-profile change

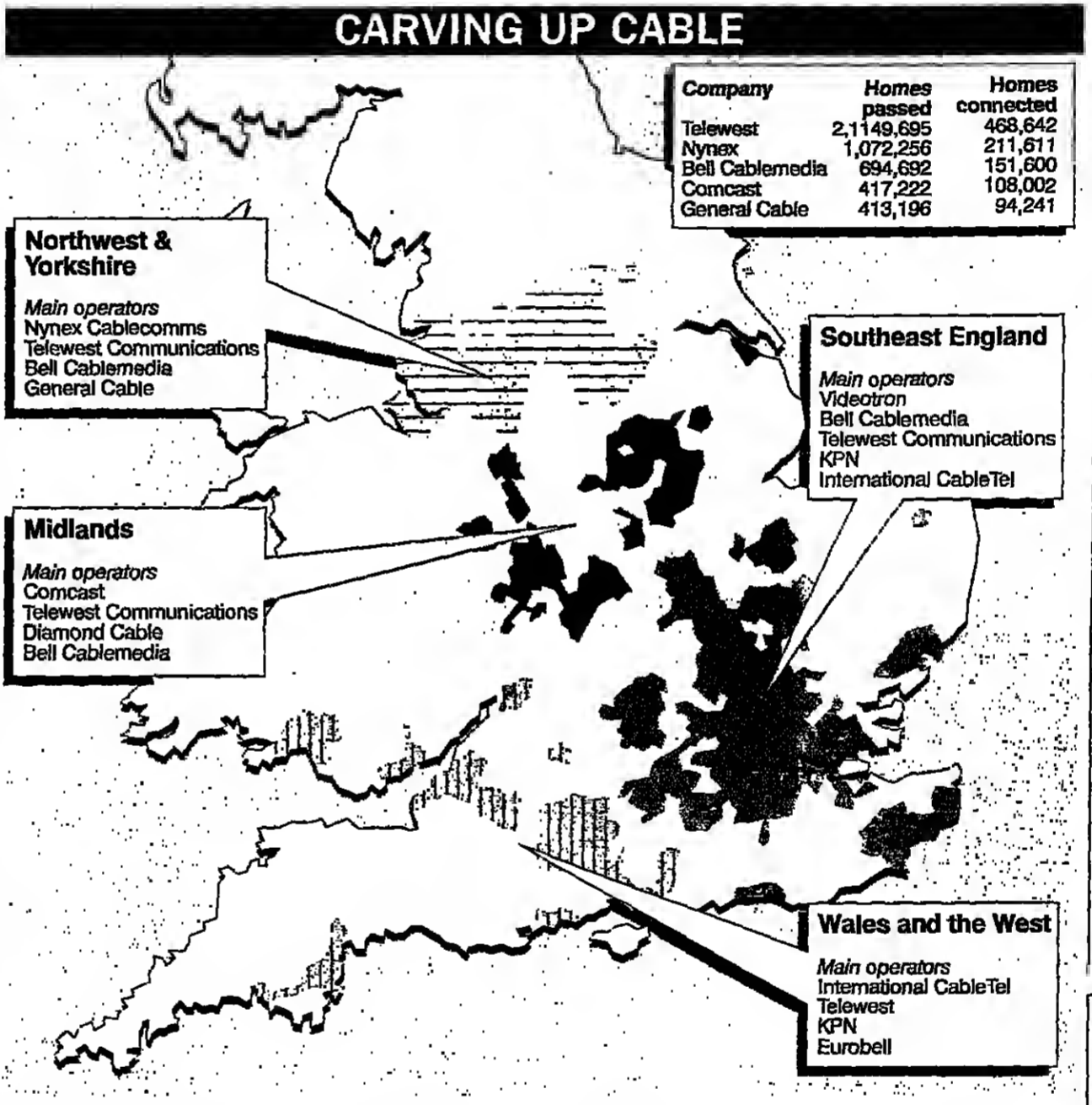
in ownership is expected within a few weeks, when Videotron, the Canadian cable giant, is likely to announce the sale of its 56 per cent interest in Videotron Holdings, the UK cable operator, probably to minority partner Bell Cablemedia.

The purchase of the 50 per cent stake in Yorkshire Cable by General Cable will be financed through the issue of 84.5 million shares, to raise £45m. Of these, 75 million will be made available in an international issue, aimed at raising cash for the group and to repay all or part of a loan made by Singapore Cable to Yorkshire.

Mr Galleau said the move was not necessarily aimed at creating a larger company. "For us, the criterion is not just getting bigger. The cable industry should concentrate on being local, and being quicker and more responsive."

But other cable operators are convinced that size is an advantage. In addition to the administrative and marketing cost savings, they point to the leverage bigger companies have in lining up programming for their cable TV networks.

Both Telewest and Nynex, the country's largest operators, have secured long-term contracts with BSkyB.



## Airbus agrees key shake-up

MICHAEL HARRISON

Airbus Industrie, the four-nation European aircraft manufacturer, yesterday agreed to the most fundamental restructuring in its 26-year history by announcing that it is to become a single corporate entity by 1999.

The decision means that it will abandon its status as a Groupement d'Interet Economique, whereby the four companies in the consortium act as work-sharing partners, and move instead to full commercial status with Airbus operating as a public limited company with its own assets and equity.

The eventual aim is a global flotation so that Airbus can raise finance on the capital markets for new projects such as the proposed 600-seater super-jumbo, which would cost at least \$9bn to develop.

After a meeting of the Airbus supervisory board in Paris yesterday, the four partners - British Aerospace, Aerospaiale de France, Daimler Benz of Germany and CASA of Spain - said they would start negotiations immediately with the aim of reaching a binding agreement on the change of status by the end of this year.

There remain, however, huge obstacles to overcome, not least

the assets each of the four partners put into the new Airbus and how they are valued. BAe has a 20 per cent stake compared to 38 per cent for the German and French partners and 4 per cent for the Spanish.

BAe will argue that because the assets it is contributing are more profitable than those of either the French or the Germans, it should receive some financial compensation. BAe could be due as much as £500m from the three other partners.

Negotiations on the equity split are likely to dominate the next six months. The end of this year deadline set by Airbus for agreement on a Memorandum of Understanding may prove hopelessly optimistic.

Airbus has been pondering an overhaul of its structure - widely regarded as cumbersome and inefficient - for the best part of a decade but has always been held back by political friction and the differing philosophies of the four sponsor governments.

The consortium was set up in 1970 effectively as a marketing organisation with workshops divided up according to the stakes each partner holds. Converting to a plc would allow Airbus to contract out to the most competitive bidder.

## Investors targeted in fraud boom

PETER RODGERS  
Financial Editor

The pick-up in the economy is leading to a boom in frauds against small private investors, the Serious Fraud Office warned yesterday.

The SFO has seen the number of large-scale investment frauds under investigation rise by more than 40 per cent, from 14 to 20 over the last year.

George Staple, the SFO director, warned investors to be on their guard, to check who they are dealing with and to take independent advice before parting with their money.

Including other smaller cases that now go to the SFO instead of the Crown Prosecution Service as a result of a change of Government policy, the total of investment frauds in the SFO

workload is now 39. Tougher City regulation is also driving the alleged fraudsters into unregulated areas, such as ostrich farming, where the absence of a financial watchdog makes it easier for them to operate.

Mr Staple said: "As the economy strengthens, there is more money available for investment schemes, some of which are going to be fraudulent."

The SFO's annual report also reveals that Mr Staple has not dropped inquiries into the Barings affair, despite his refusal to press for the extradition of Nick Leeson while he was in Germany.

The report says: "We are carefully considering whether grounds exist for further criminal inquiries into other aspects of the case in England."

The SFO is believed to be keeping a close eye on the in-

quiry into Barings by the Commons Treasury Select Committee, where our witness, Ron Baker, used parliamentary privilege to make public accusations of a cover-up by named former colleagues. It is also on the alert for any new evidence from Singapore. The watching brief is not thought to be aimed at prosecuting Mr Leeson when he returns from his six-year prison sentence.

Mr Staple's report also makes clear that he has not dropped another high-profile case, that against Asil Nadir, the former Polly Peck head who is now in northern Cyprus. "A warrant has been issued for his arrest and we are ready to proceed with the prosecution against him when he returns or is returned to the jurisdiction," says the SFO.

The total case book rose from

52 in April 1995 to 70 at the end of March, and the money involved has risen £1bn to £3bn over the last year. Further cases, including Sumitomo, have since raised the number to 77.

In 10 out of 11 SFO trials during the year the principal defendants were convicted - the odd one out being the high-profile Maxwell trial.

The rise in case load is partly due to the threshold for an SFO inquiry being lowered to £1m from £5m. But Mr Staple's budget has fallen £600,000 this year to £10.1m and he said he was pressing for a switch of funds from the CPS to the SFO.

The report discloses that the SFO issued 83 section 20 notices last year on behalf of 15 foreign investigatory bodies under new powers to help fight international fraud.

## £670,000 South West pay-off under fire

The former managing director of South West Water, Bill Fraser, quit the company earlier this year with a pay-off worth £670,000, it emerged yesterday, writes Michael Harrison.

The compensation deal, together with £224,000 in salary and pension benefits, brought his total payments last year to just under £900,000.

Ian McCartney, Labour's employment spokesman, immediately attacked the "ridiculous lottery-style pay-off", saying it showed the need for a windfall tax on the privatised utilities.

"This money should be getting our youngsters into jobs, not padding out the pockets of utility fat cats," he added. "There should be an urgent inquiry into these payments by the regulator."

South West, which is facing two hostile takeover bids from rival water companies, said Mr Fraser received compensation for loss of office of £336,000. The 1996 report and accounts show that he is also entitled to cash in 116,000 share options showing a paper profit of £284,000. In addition he is receiving a £50,000, 12-month consultancy fee from South West for "access to his international major capital projects experience".

Mr Fraser joined South West in 1990 a year after privatisation and left in February. The company got into trouble last summer after water supplied to the Torbay area was found to contain a bug which made it unfit for human consumption.

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| STOCK MARKETS          |          |              |            |           |          |
|------------------------|----------|--------------|------------|-----------|----------|
| Index                  | Close    | Day's change | Change (%) | 1996 High | 1996 Low |
| FTSE 100               | 3741.50  | -1.70        | -0.0       | 3857.10   | 3639.50  |
| FTSE 250               | 4339.50  | -27.70       | -0.6       | 4588.80   | 4015.30  |
| FTSE 350               | 1881.50  | -3.30        | -0.2       | 1945.40   | 1815.80  |
| FT Small Cap           | 2171.98  | -14.12       | -0.6       | 2244.36   | 1994.06  |
| FT All Share           | 1864.78  | -3.97        | -0.2       | 1924.17   | 1791.95  |
| New York               | 5591.83  | +3.89        | +0.1       | 5778.00   | 5692.54  |
| Tokyo                  | 21924.94 | -307.48      | -1.4       | 22668.80  | 19734.70 |
| Hong Kong              | 10690.05 | -287.08      | -2.6       | 11594.99  | 10204.97 |
| Frankfurt              | 2251.04  | -32.45       | -1.3       | 2363.49   | 2253.36  |
| Source: FT Information |          |              |            |           |          |

| INTEREST RATES |         |        |        |         |         |
|----------------|---------|--------|--------|---------|---------|
| Index          | 1 Month | 1 Year | 5 Year | 10 Year | 30 Year |
| UK             | 5.69    | 6.10   | 7.84   | 8.10    | 8.06    |
| US             | 5.39    | 6.25   | 7.06   | 6.04    | 7.19    |
| Japan          | 0.44    | 1.13   | 3.35   | 2.59    | 6.52    |
| Germany        | 3.29    | 3.63   | 6.80   | 6.89    | 7.14    |

| CURRENCIES  |           |         |          |             |           |
|-------------|-----------|---------|----------|-------------|-----------|
| Index       | Yesterday | Change  | Year Ago | Index       | Yesterday |
| \$ (London) | 1.5543    | -0.008  | 1.5690   | £ (London)  | 0.6434    |
| ¥ (NY)      | 1.5670    | unch    | 1.5940   | ¥ (London)  | 0.6423    |
| DM (London) | 2.3746    | -0.15pt | 2.2227   | DM (London) | 1.5278    |
| ¥ (London)  | 172.250   | -10.182 | 138.684  | ¥ (London)  | 110.826   |
| £ (London)  | 86.7      | unch    | 83.7     | £ (London)  | 87.7      |

| OTHER INDICATORS |           |        |          |            |           |
|------------------|-----------|--------|----------|------------|-----------|
| Index            | Yesterday | Change | Year Ago | Index      | Yesterday |
| OE Brand         | 19.68     | -0.06  | 16.02    | RPI        | 132.9     |
| Gold \$          | 382.00    | +0.25  | 385.95   | Gold £     | 130.3     |
| Gold £           | 245.74    | +0.32  | 242.89   | Base Rates | 5.75      |



## A lack of vision is blighting corporate Britain

There is something rotten at the core of corporate Britain and, yes, the City may be part of it. No, this is not going to be another rant about executive pay and perks but it is about that other great bug bear - short-termism, lack of imagination, lack of strategy, lack of vision, lack of anything very much at all among the time servers of the British boardroom. This is not necessarily the fault of the new generation of cost cutting, rationalising, downsizing, managers, for vision is the last thing the City seems to expect or want of them these days. Nonetheless, they have scarcely seem to know any better.

The fact that Guinness could have thought merging with Grand Metropolitan even remotely possible, let alone desirable, is just the latest evidence of sickness at the heart of our major companies. Has Guinness, and its beleaguered chairman, Tony Greener, taken leave of their senses? What could Britain possibly have to gain by allowing its two major liquor companies to merge, apart, that is, from a bit of short-lived shareholder value for investors in Guinness? Even that is questionable enough, and yet Guinness allowed this ludicrous idea to reach the stage of fully fledged proposal from its lead City adviser, Lazard Brothers.

Now of course it is the case that fee-hungry merchant bankers are always on the lookout for a good wheeze that might generate lucrative business. A proposal from a

merchant banker doesn't amount to a plan of action for the company itself. Furthermore, all big companies dream of acquiring their major competitor. Put together the best and the second best and what a team you would create, most executives have wildly imagined at some stage in their careers. But it doesn't work in football nor does it work in business. Put together the best and the second best and you generally end up with, well, the best minus the second best. And that's if you are lucky.

Guinness would have gone through the following thought process before finally rejecting this absurd proposal. How could we possibly persuade the Government to back a merger that would give us more than half the British liquor industry? Answer: Britain needs a national liquor champion, capable of competing with the best in the world on the international stage. So what if domestic competition is harmed a bit, it will make us that much more competitive internationally.

What nonsense. Unfortunately this has become a lamentably familiar justification for fundamentally harmful corporate empire building across a whole range of different industries. Most of us thought it to begin with, but like the connected concept of corporate globalisation, it begins to look more flawed with every deal. This is especially the case in the liquor business, where Britain is already a highly successful interna-

tional player with three of the top five companies in the world. The idea that one should be allowed to takeover one of the others because it has run out of ideas on what else to do could only really happen in Britain.

Guinness has a very real problem of where to go from here. Its shares have underperformed by an appalling margin in recent years, not because it is an unsuccessful company, but because it has run out of steam and has no obvious way of stoking up the fire. Furthermore, it has an awkward shareholder, in the shape of Bernard Arnault of France, more keen than most to see some short-term return on his money.

But this is not the way, nor is it the way for most British companies. Long term shareholders - and the City is meant to be full of them these days - ultimately gain very little from consolidating mergers. Management need to be persuaded to come up with long-term objectives and targets, then they need to be backed with a degree of patience and commitment that is capable of ignoring even a lengthy blip in the share price.

That's the real way forward and although it may seem like a naive dream, it's a good sight less naive than the investor who continues to think that acquisition strategy is a reasonable substitute for hard graft, vision and a proper sense of business purpose and goals.

Simon Lewis, the newly named director of corporate affairs for British Gas Energy, is variously described as suave, arrogant, politically ambitious and tall, though not necessarily in that order. He is also presumably very nicely off thanks to having been tempted away from the top PR job at NatWest to join the gasmen.

With his arrival in September, British Gas will be full of more spin doctors than you can shake a stick at, though so far the weight of numbers does not seem to have helped very much. The distinction for Mr Lewis is that he will have to earn his crust since the words poisoned and chalice might have been invented for the role he is taking on.

If and when British Gas is demerged, BGE will be the poor relation to the pipeline business TransCo. It will not make much money, it will not pay any dividends, and it may not make it into the Footsie. What it will have is £40bn of liabilities in the shape of British Gas's North Sea take-or-pay contracts and a declining market share as the domestic gas business is opened to full competition from 1998. We do not know exactly what Mr Lewis will earn since he will not be on the board and his salary will not therefore be disclosable. But it is entirely appropriate that he be paid a king's ransom since, as is so often the case, the scale of his task is likely to run in inverse proportion to the prospects for the company.

Mr Lewis says he was drawn by the

excitement and challenge. That either suggests he will bring to the job the sure-footedness that British Gas's PR has long cried out for or that he is labouring under a massive misapprehension.

Sam Chisholm at BSkyB and his alter ego Sat News Corp, Rupert Murdoch, are hardly the types to sit back and let the grass grow under their feet. With the original push into continental European digital TV via a joint venture with Bertelsmann among others now all but dead and buried, they've not footed it to the competition, the Bavarian media tycoon Leo Kirch.

If all goes according to plan, and this time they are hoping it will, BSkyB ends up with 49 per cent of Kirch's digital enterprise plus an option to take 25 per cent of his sports channel, which has just clinched rights to the World Cup. No money changes hands for the time being but Kirch is required to put up an unspecified proportion of the development capital. This is high risk stuff, a bit like Sky itself in the early years, but it does demonstrate both a determination and an ability to move beyond the narrow confines of domestic franchise. Though ageing and nearly blind, Mr Kirch cuts a powerful figure on the German media scene. A close friendship and association with Chancellor Kohl makes him arguably a better ally than Bertelsmann's Michael Dornemann. BSkyB looks like confounding the sceptics yet again.

## Sky links up with owner of television rights to World Cup

MATHEW HORSMAN  
Media Editor

Rupert Murdoch's BSkyB yesterday pulled a digital TV deal from the ashes of its failed alliance with Bertelsmann, confirming a high-stakes venture with Bavarian mogul Leo Kirch to launch digital TV in Germany later this month.

The new alliance, which leaves Bertelsmann and Canal Plus, Sky's former partners, out in the cold for now, will see Murdoch join forces with the owner of the broadcast rights to 15,000 movies and 50,000 hours of television, along with the exclusive rights to the World Cup of football in 2002 and 2006.

Sky sources reported yesterday that no money will change hands, and stressed that the Kirch Group will manage the digital platform in Germany. However, BSkyB will jointly finance the launch, scheduled for 28 July, and will provide transponder space on an Astra satellite and marketing and programming expertise.

The deal will see BSkyB take up to 49 per cent of DFL, Kirch's digital platform in Germany. Sky is also angling for a 25 per cent stake in DSF, Kirch's sports channel.

Sam Chisholm, chief execu-

tive of BSkyB, said: "This is a major step forward in the new television world."

It is understood that the negotiations leading to yesterday's announcement were started within the past month, and that both sides were eager to reach a deal.

The new alliance could be a direct threat to Bertelsmann, the German media giant, which late last week finalised its controversial deal with CLT to merge the two companies' television assets. That arrangement helped scupper the grand pan-European alliance grouping Sky, Havas, Bertelsmann and Canal Plus, the French pay-TV giant, earlier this year.

Canal Plus had been upset at CLT's plans to compete in the digital TV market in France, and questioned why Bertelsmann, an alliance partner, would back the rival company. Mr Murdoch, for his part, was concerned about what Sky insiders have called "foot dragging" on the part of Bertelsmann in the preparation of the four-way alliance.

BSkyB confirmed yesterday that it had "withdrawn from the proposed agreement" with Canal Plus, Bertelsmann, and Havas, also a French media company. However, the com-

pany said that both Kirch and BSkyB "are prepared to admit other participants which bring strategic value to the project of a digital platform in Germany."

It is understood that the German digital joint venture, which will feature 17 channels of mostly German-language programming, will have no effect on Sky's own digital plans in the UK. BSkyB has promised to launch a digital satellite service with up to 200 channels by the end of next year.

Gottfried Zmuck, chief executive of DFL, said: "With BSkyB, we have a partner who will enhance the development of our digital platform in Germany with its experience as Europe's most successful pay television operator."

Media analysts said yesterday that the Kirch digital network had an advantage over other potential competitors because of Mr Kirch's control of programming rights.

"He has an ironclad grip on the programming rights in Germany," said one senior industry source.

With partners ISL, the marketing company, Kirch last week promised \$2.2bn for the rights to the World Cup events in 2002 and 2006. It is under-



High stakes: Leo Kirch has broadcast rights to 15,000 movies, 50,000 hours of TV and rights to the World Cup

stood that BSkyB intends to negotiate for UK rights to at least some of the matches, and is expected to have a better chance of securing a deal following the announcement of the German joint venture.

Sky sources indicated that the alliance with Kirch could be expanded in other parts of Europe. Kirch has 43 per cent of

commercial channel SAT1, 25 per cent of Premier, the analogue pay-TV service, and 10 per cent of Mediaset, Silvio Berlusconi's media conglomerate.

Bertelsmann, which has a long-term strategic alliance with Canal Plus, may yet join the Murdoch-Kirch platform, analysts said last night. They questioned whether there was room

for two digital services in Germany, where just 3 per cent of homes now subscribe to pay-TV, compared to about 25 per cent of British homes.

Bertelsmann has said it would launch its own digital platform, using a competing technology, by the end of the year. However, the deal with CLT, which brings together

mainstream TV operations in Germany, the Netherlands, Belgium, Luxembourg, Britain and France, may end up focusing on terrestrial TV. The battle for the German market is the first stage in a wider war to dominate the European pay-TV sector. It is estimated as many as 33 million homes could subscribe by the year 2004.

## BoS says predators will fail

PETER RODGERS  
Financial Editor

Bank of Scotland yesterday made clear that any potential predator would be firmly rebuffed, as it began a two-week international roadshow to help Standard Life sell £840m worth of its shares to institutions.

Sir Bruce Patullo, Governor of Bank of Scotland, said: "If there is a predator they know they are going to have a pretty hostile fight and that it's probably not worth it at the end of the day."

When Standard Life announced it was selling most of its 31.5 per cent stake in Bank of Scotland Sir Bruce reacted angrily to the surprise news that his major shareholder was bowing out.

But the hatchet has now been buried. After Sir Bruce's protest, Standard agreed not to sell the shares as a block to another investor or through a bought deal by an investment bank.

Instead they are to be marketed in an international offer by BZW, which is selling 29 per cent of the bank for Standard, which is keeping another 2.5 per cent as an investment. The offer of 351 million shares includes 46 million to be used to stabilise the market.

BZW is to allocate the shares according to price but with special preference for large investing institutions that will be long-term holders.

## Hanson hits seven-year low in run up to drastic autumn demergers

PATRICK TOOHER

Hanson's shares hit a seven-year low yesterday after the Anglo-American industrial conglomerate unveiled accounting changes that cut the value of its coal and mineral reserves by almost £7bn and knocked £70m a year off profits at its Peabody coal unit.

The company, which is in the throes of splitting itself into four separately quoted firms, said the asset write-downs would not affect operational cash flow or future dividend policy.

However, Hanson's shares came under renewed selling pressure within minutes of the news and dipped to 166.5p. And despite staging a recovery later in the session, the shares still closed at the seven-year low - 171.5p, down 0.5p.

The shares have been in the doldrums ever since Lord Hanson stunned the City earlier this year with his break-up plan. Commenting on the share price weakness, Hanson vice-chairman Christopher Collins said: "The market hasn't yet seen full information about the new companies. It has caused some uncertainty and there has been some selling by yield funds."

In a demerger update, Hanson said it remained on track to spin off its Millennium Chemicals and Imperial Tobacco units in October, while unbundling the new energy company, to be called The Energy Group plc, should be completed in January 1997. That will leave a Hanson "rump" to focus on building materials.



Lord Hanson: Four-way split plans stunned the City

erating profits will be £70m a year lower due to changes in the accounting treatment of provisions for coal-related illness and environment funds. Future payments due to the US Federal Coal Industry Black Lung and Abandoned Mined Land Funds total £1.2bn. Under the new accounting policy, payments will be recognised as taxes and treated as a revenue charge based on production volumes, in line US coal company practice.

In turn the book value of mineral reserves for Hanson's cornerstone construction and materials division has been slashed by £2.3bn to £1.3bn while the value of coal reserves at Peabody has been cut by £600m to £1.5bn.

Hanson said both reductions "will have no impact on opera-

tional cash flow but will cause a small reduction in future depletion charges and a consequent small increase in profit."

The Anglo-American conglomerate added that clearance had been given by the Inland Revenue for the demerger of its chemical and tobacco units to be tax-free for shareholders. US counsel also advised a similar scenario for American investors.

Hanson also disclosed that fees payable to financial advisers involved in the demerger, which include Rothschilds and Hoare Govett, are expected to be less than £20m.

A series of shareholder roadshows in the US and Britain to drum up institutional interest is planned for September before the first demergers occur the following month.

### IN BRIEF

• A total of 240,000 small investors have so far applied for £500m-worth of shares in the nuclear generator British Energy, making the public offer almost fully subscribed. The Government's advisers said yesterday. A third of the shares in the offer are being held back for the public, although this may be increased to 50 per cent if demand proves strong. The level of interest in British Energy is running 10 per cent above that for Railtrack which closed more than three-times subscribed. The deadline for applications in the public offer is noon tomorrow while the international offer, which will set the price of the fully-paid shares, closes Friday.

• Unigate, the dairies to road transport group, said it was still looking for a large acquisition after it announced the £77.3m purchase of the European margarine and spreads business of Kraft, part of Philip Morris of the US. The latest buy, which includes the Vitalite and Golden Churn brands, will raise its share of the UK market from 14.2 per cent to 25.3 per cent, still some way short of the 44.6 per cent held by Unilever's Van den Bergh offshoot. Unigate said there would be cost savings from integrating the Kraft businesses with the existing St Ivel operation.

• Dairy Crest revealed that its chairman, Michael Dowdall, is entitled to a bonus of £50,000 on the company obtaining a stock market listing before next April. The former marketing arm of the old Milk Marketing Board is coming to market next month. Mr Dowdall, who also chairs Geest, is paid a basic salary of £132,613 and will be entitled to share options worth four-times that figure. Chief executive John Houlston receives a basic salary of £232,000 plus bonus.

• Dorling Kindersley, the print and electronic publisher, announced the departure of John Sargent, its US chief executive, who is joining St. Martin's Press, a subsidiary of US publishing giant Macmillan. A spokesman said: "He is an excellent executive, and we are sorry to see him go." He added that Mr Sargent, whose parents were both in publishing, had long wanted to return to a "traditional" company. DK has asked headhunters to begin the search for a replacement. Shares lost 14p to 573p on the news.

• Electronic Retailing Systems, a supplier of electronic shelf labelling systems, is to become the first company quoted on the US Nasdaq exchange to obtain a listing on the UK's Alternative Investment Market. The Connecticut-based group is raising £7.7m in two placings which will capitalise the company at £30.5m when the shares start trading on 11 July. The company supplies liquid crystal pricing displays for supermarkets which replace paper price tags and provide for price changes to be effected centrally.

• Somerfield's prospectus due out later this week is expected to show a price range for its stock market flotation of between £50m-£70m. The supermarket group will also provide more details about its financial performance. In the year to 27 April 1996 operating profits rose by 43 per cent to £110.5m.

• Allders' sales in the nine weeks to 29 June were 21 per cent ahead of last year and 13 per cent up on a like-for-like basis. Shareholders approved the proposed £160m sale of Allders International, the duty free shops business, to Nuance International Holding, a subsidiary of SwissAir.

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☐ 3 photographs for the Heart of Britain Competition and enclose £2

☐ 10 photographs for the Heart of Britain Competition and enclose £5

I agree to the terms and conditions detailed below:

Name \_\_\_\_\_ Age \_\_\_\_\_

Address \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_

**TERMS AND CONDITIONS**

1. Send completed entry form, photographs and a cheque or postal order (specify to Heart of Britain) to: HEART OF BRITAIN, c/o The City of London, 100, MARK LANE, LONDON EC3A 7BP. Tel: 020 7460 1111. Fax: 020 7460 1112. Entry closes 7th July 1996. 2. Only black & white or colour prints (max size 6" x 4") will be accepted. 3. Four names & address, the title of the photograph and preferred book chapter should be attached to the back of each photograph. 4. All entries must be sent to the book group by 7th July 1996. 5. A range of prizes will be awarded to the winners. 6. Prizes will be awarded to the winners. 7. Prizes will be awarded to the winners. 8. Prizes will be awarded to the winners. 9. Prizes will be awarded to the winners. 10. Prizes will be awarded to the winners. 11. Prizes will be awarded to the winners. 12. Prizes will be awarded to the winners. 13. Prizes will be awarded to the winners. 14. Prizes will be awarded to the winners. 15. 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# Tomkins set to unlock Gates

## THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Tomkins, which embraces everything from bread to petrochemical valves, has stuck doggedly to its conglomerate roots, despite the ending of the City's love affair with the sector. It has been rewarded with a share price which has underperformed the rest of the market for five long years. Although it may be too early to call a change in sentiment, there are straws in the wind which look more hopeful than for some time.

Chief among those is perhaps the potential of Gates, the world's leading maker of automotive belts and hoses, for which Tomkins is paying \$1.56bn. After six months waiting for the various approvals, that deal is set to go through at the end of July, giving Tomkins chairman Greg Hutchings and his team the green light for a classic realisation job.

Profits at Gates have doubled to \$40.3m in the past three years, but margins are well under Tomkins' level. While there has been plenty of investment at the operating end of the business, paternalistic management has left "mom and pop store" reporting systems and tax balance sheet controls. Installing Tomkins' tight controls should provide an immediate boost to margins by weeding out unprofitable lines, while the company talks ambitiously of savings of around £25m from tightening up working capital, particularly stock, at Gates.

That cash flow will come in handy as Tomkins develops the existing product base and expands into new areas. However, Mr Hutchings and his team still have to convince the City. Judging by yesterday's middling 3p rise in the share price to 251p, the market, at least, has grown bored with Tomkins' consistent earnings record. The group unveiled pre-tax profits increased by 6.6 per cent to £32.5m in the year to 27 April, which fed through to earnings per share growth of similar order. The results easily beat the company's forecast in May and mean Tomkins' average annual average earnings increase has outperformed the UK average by nearly 24 percentage points over the past 12 years.

The figures were held back by the particularly severe and prolonged US winter, which cut sales of Murray lawnmowers by a quarter in the peak season of March and April. Operating profits from the professional, garden and leisure division slipped 24 per cent, but some of that should be made up.

The potential for Gates was again reflected in the bread and food divisions which represent the old Ranks Hovis McDougall acquired in 1992. Margins have been raised 30 per cent and around £200m has been invested from cash squeezed out of the business.

## Low & Bonar wraps up profits

Low & Bonar, the packaging group, stands out in a sector strewn with high-profile casualties of the volatile raw material price cycle. While investors in Rexam, De La Rue and Arjo Wiggins nurse losses incurred from a series of profit warnings, shares in the Dundee-based packager have continued an impressive run that has seen them almost quadruple in value in the last five years.

New chief executive Jim Heilig, who succeeded Jim Leng in October, can justifiably boast that latest interim results "underline our success in concentrating on profitable niches within our packaging, plastics and specialist materials business and our strategy of balancing our group over a number of

segments to minimize cyclicality". A broad geographic mix between Europe and North America has also helped.

In the six months to May, pre-tax profits edged 6 per cent higher to £26.2m on sales 4 per cent down to £21.1m, depressed by lower raw material costs. More significantly, margins continued on their upward path, rising from 11.7 per cent to 13 per cent. Earnings per share rose by a tenth to 18.43p, helped by the purchase last year of a 21 per cent US minority holding.

The results were struck in what Mr Heilig terms "challenging market conditions". In general, Low & Bonar was under pressure to pass on lower raw material prices. In particular, it had a tough time in the US, where packaging margins slipped as exceptionally bad winter weather held back cement sack sales to the construction industry.

Given a strong balance sheet - gearing is just 10 per cent - acquisitions are very much on Mr Heilig's mind. His appetite for expanding into higher-margin plastic and specialty materials businesses remains, despite Bonar's failure to buy Rotocore, a US plastic mouldings supplier, for \$31m earlier

this year. The deal would have doubled US earnings, but fell through when Rotocore claimed to have found a third party willing to pay more. Mr Heilig has yet to establish who the mystery bidder was and lawyers are on the case.

Francesca Rakeigh at broker Panmure Gordon sticks with her full-year forecast of £57m, implying a sub-market multiple of 13, with the shares down 3p at 529p. A core holding in the sector.

## Kenwood loses its market veneer

Kenwood Appliances, whose former chief executive Tim Parker left last year to run C & J Clark, remains a name to conjure with in the field of kitchen appliances. Sadly, the brand has lost its luster with the stock market. Floated at 285p four years ago, the shares have spent most of the past 18 months below their issue price and today languish at 210p, up 1p yesterday.

The company has been squeezed by sluggish consumer spending, high raw material prices and competition from the Far East. But Kenwood's fall from grace in a study stemmed from the rights funded acquisition of Ariete, an Italian appliance maker, in November 1994.

Yesterday's results for the year to 4 April, showing pre-tax profits up by 16 per cent to £15.6m, suggests that at least some of the market's doubts were well founded. The figures were at the bottom of the range and Ariete's first full year was a pretty mixed bag, with very strong first-half sales falling away in the important second half, which includes Christmas, and plummeting by 23 per cent in the final quarter. Meanwhile, the UK remained difficult for much of the year, although there were signs of improvement nearer the end of the period.

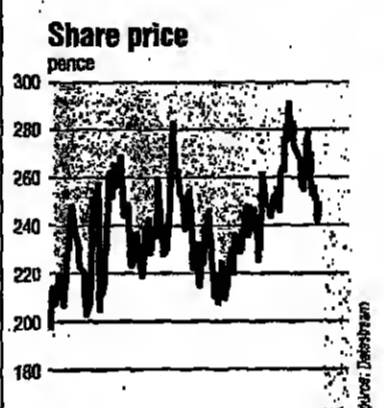
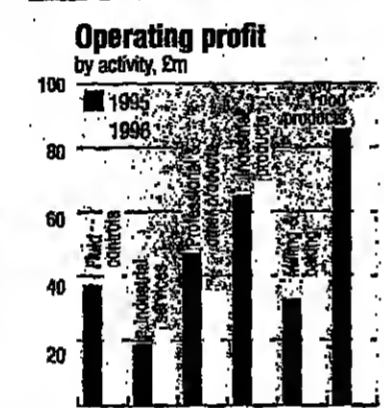
One bright spot was the Mizushi start-up Italian air-conditioning operation, which had a storming first year that may eventually help offset some of the difficulties at Ariete. But this year looks like being another year of consolidation.

Kenwood is developing new products which should help counter pressure on pricing, while it is moving some manufacturing to a low cost factory in China. But a rising tax charge will slow earnings growth in 1996/97. Profits of around £17.5m would put the shares on a forward multiple of just 9. Sentiment will not be improved by talk yesterday of another paper-funded acquisition, possibly in the US. High enough.

## Tomkins: at a glance

Market value: £2.98bn, share price 251p

| Five year record            | 1992  | 1993  | 1994  | 1995  | 1996  |
|-----------------------------|-------|-------|-------|-------|-------|
| Turnover (£m)               | 3,277 | 2,067 | 3,257 | 3,737 | 3,607 |
| Pre-tax profits (£m)        | 132   | 171   | 257   | 303   | 323   |
| Earnings per share (pence)  | 12.7  | 15.3  | 15.1  | 17.5  | 18.7  |
| Dividends per share (pence) | 5.47  | 6.35  | 7.38  | 8.65  | 9.95  |



# Saddling motorists with striking right balance

## CITY DIARY

JOHN WILLCOCK



On yer bikes: Newer models are no doubt easier to use

by the delectable Joanna Lumley.

Hanson has found that dreaming up new corporate names can be tricky as well. Now that Hanson is splitting into four new separately quoted companies, it needs a name for the energy division which includes Eastern Electricity.

Christopher Collins, Hanson vice-chairman, says that it has taken several weeks to settle on a name, since the first choice, Energy Resources, was found to have been taken already by an Australian company. They ended up with The Energy Group, which Mr Collins insists has the virtue of simplicity - it tells you what the company does. It's also a bit flat - hopefully, unlike the company's growth prospects.

Lively scenes at yesterday's press conference in herald Standard Life's sale of its stake in Bank of Scotland. As journalists descended on the presentation, lawyers for Standard Life insisted that two writers be excluded - both from the FT. The company's reason was that the FT is published in the US, and under American securities regulations Standard Life would be unable to talk to the FT journalists on the record. To their credit, George Graham, the banking correspondent, and a chap from the Lex column marched resolutely in. Will the American side of the sale now be pulled? Watch this space.

Greg Hutchings, chief executive of Tomkins, explains that the company's sales of lawn mowers in the US were hit by bad winter weather which extended into the spring, the peak season for buying Murray mowers. There is a silver lining though, Mr Hutchings adds.

Tomkins has compensated with booming sales of snow blowers, noisy contraptions much beloved of Americans because they blow all the snow on your front path into your neighbour's garden. Such was the demand last winter that one blower was hijacked in New York.

Jim Heilig, chief executive at Low & Bonar, says his company was also hit by the severe US winter with a fall-off in demand for sacks, cement bags, glass seed bags and the like - but saw much higher demand for salt and grit bags to deal with America's snowed-out roads.

At the very least there seems to be a growth market in silver linings. Astronomers are currently reporting that sun spot activity is at a 30-year high. It all fits.

# ITN sale ends seven-year hitch

MATTHEW HORSMAN  
Media Editor

Media giants Granada and Carlton finally complied yesterday with Government ownership regulations, selling an excess 12 per cent shareholding in ITN, the national news service that makes News at Ten, to Lord Hollick's United News & Media.

The deal, which values ITN at £106m, brings Carlton and Granada's stake in the company to 20 per cent each and United's to 17 per cent.

United, owner of the Anglia and Meridian ITV franchises, as

well as Express newspapers, already owned 5 per cent of ITN.

The announcement ends a seven-year saga at ITN, which has been the subject of negotiations, shifting alliances and bitter battles among leading ITV companies who take the ITN news service.

"It is excellent news that the seven-year controversy surrounding ITN's ownership is resolved," Stuart Purvis, ITN's chief executive, said. "It is particularly good news that it has been resolved in this way."

Carlton and Granada, which held 36 per cent each of ITN un-

til earlier this year, having inherited stakes following their acquisitions, respectively, of Central and London Weekend Television, sold 10 per cent each to Daily Mail & General Trust in April, taking their stakes to 26 per cent each. Yesterday's sale to United brings them down to the 20 per cent limited stipulated in the Broadcasting Act of 1990.

The remaining shareholders of ITN are Reuters with 18 per cent and Scottish Television with 5 per cent.

The Independent Television Commission, which regulates the TV industry, had criticised

Granada and Carlton for holding on to their excess shares through "dead-locked" companies, complaining that the arrangements were not in the spirit of the law.

But a Granada source defended the length of time it took to sell off the excess shares, saying it was commercially unfair to be forced to reduce the stake.

The scaling down of the Granada and Carlton positions coincided with negotiations over the renewal of ITN's lucrative contract with the ITV network, under which the news provider was paid £57m a year.

# Eurocopy falls as family sells shares worth £7m

Eurocopy, the photocopier group, yesterday announced that a trust acting for the three daughters of its chairman, Cyril Gay, has sold nearly 10 million shares in the company for more than £7m, writes Nic Cunniff.

Shares in the company dropped 16 pence to 74p after the announcement, which reduces the Gay family's combined holding in the firm to 14 million shares, or about 29 per cent.

However, Mr Gay said yesterday he had given an undertaking that no further share placing would be made by himself or his children's trust for two

years. He said: "I have three daughters aged 28, 30 and 32 and like a good father, years before we floated, I passed shares on to their behalf to an offshore trust."

"They are now old enough to look after themselves and with the co-operation of the trustees, have decided to divest about two-thirds of their holdings. Although Eurocopy is a good investment, it is not ideal to invest all your money in one share. The aim will be to diversify the trust's holding."

Mr Gay said the family's remaining holding meant there was little danger any outside bidder could try to gain control.

## COMPANY RESULTS

|                        | Turnover £      | Pre-tax £       | EPS             | Dividend      |
|------------------------|-----------------|-----------------|-----------------|---------------|
| AG Barr (t)            | 46.5m (41.4m)   | 1.01m (1.82m)   | 3.82p (6.37p)   | 2p (2p)       |
| Beverly (t)            | 4.15m (1.93m)   | -3.02m (-1.23m) | -6.64p (-1.15p) | nd (-)        |
| Buckland (t)           | 30.4m (20.0m)   | 0.91m (0.51m)   | 3.1p (2.7p)     | 0.5p (nd)     |
| Fife Holdings (t)      | 30.3m (21.5m)   | 1.8m (0.31m)    | 2.70p (0.47p)   | nd (-)        |
| Ivory & Stone (t)      | 17.3m (16.0m)   | 6.5m (5.9m)     | 13.71p (12.95p) | 8.25p (7.5p)  |
| Kenwood Appliances (t) | 197m (142m)     | 15.6m (13.5m)   | 23.8p (22.4p)   | 10p (10p)     |
| Low & Bonar (t)        | 21.1m (21.9m)   | 26.2m (24.8m)   | 18.43p (17.77p) | 9p (8.6p)     |
| Melting (t)            | 67.1m (64.4m)   | 5.1m (3.5m)     | 1.63p (0.85p)   | 0.65p (0.82p) |
| Megafonics (t)         | 1.84m (1.05m)   | 0.51m (0.10m)   | 0.73p (0.83p)   | nd (-)        |
| Shield Diagnostics (t) | 5.83m (4.76m)   | 0.29m (0.28m)   | 1.48p (1.48p)   | nd (-)        |
| Tanaka (t)             | 3.60m (3.72m)   | 323m (303m)     | 18.7p (17.46p)  | 9.95p (8.65p) |
| Castles (t)            | 61.2m (63.8m)   | 2.1m (1.8m)     | 9.72p (6.54p)   | 3p (3p)       |
| Henry Mundell's (t)    | 2.0m (1.67m)    | 0.17m (0.13m)   | 1.3p (1p)       | 1p (1p)       |
| KIC (t)                | 148.4m (147.4m) | 15.85m (15.54m) | 103.5p (93.17p) | 16p (-)       |
| Merrydown (t)          | 37.1m (23.5m)   | 0.03m (2.77p)   | 10.83p (17.83p) | 4.5p (1p)     |
| Prospect Inds (t)      | 30.2m (30.1m)   | -3.09m (10.33m) | -1.03p (-3.70p) | nd (-)        |

(t) - Final (p) - interim

# WIN A FERRARI CONVERTIBLE FOR A MONTH WITH THE INDEPENDENT

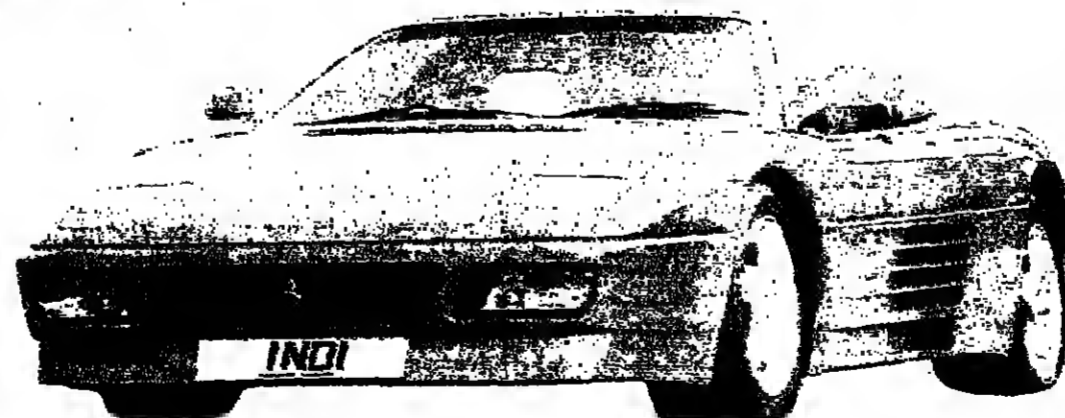
If you have ever dreamed of sitting behind the wheel of the ultimate open-top sports car, read on, because this week The Independent and the Independent on Sunday are giving you the chance to do just that. Enter our prize draw and you could be the lucky reader who wins the drive of a lifetime, in a Ferrari 348 Spider supplied by specialist car rental firm, TRI.

The prize includes full insurance and delivery to your door, all you have to worry about is enjoying the thrill of the open road in a car which combines stunning looks with high performance.

The Ferrari 348 Spider is by any definition a supercar. The magnificent all aluminium 3405cc, 32 valve, double overhead cam engine develops a heart-pounding 300 bhp, capable of reaching 60 mph in just 5.3 seconds and a top speed of 170 mph. To go

with all this power the 348 is meticulously engineered to deliver exceptional road holding and exhilarating handling. The Ferrari 348 Spider is, in true Ferrari tradition, above all an extremely beautiful car. Designed by Pininfarina and built in Maranello to the highest standards of Italian craftsmanship, this is without doubt one of the most desirable cars on the road.

The Ferrari will be delivered to the lucky winner's door by TRI Car Rental & Leasing, one of the country's leading companies specialising in the



rental and leasing of exclusive cars. Whether you want a Ferrari, an Aston Martin, a Porsche or a Mercedes, TRI has a car to suit your requirements. For general enquiries, details of rental

charges and any further details please call TRI on 0181 466 7876.

How to enter  
To enter our Ferrari prize draw you

must collect four differently numbered tokens from the eight we will be printing in The Independent and the Independent on Sunday. Yesterday in The Independent we printed Token 3, today we are printing Token 4. You will need to send your tokens with a completed entry form which is printed today and will be printed again on Saturday.

Terms and conditions

1. To enter our Ferrari Prize Draw you need to collect 4 differently numbered tokens

and complete an entry form.

2. The closing date for entries is 26 July 1996. Send to: The Independent/Ferrari Prize Draw, PO Box 204, Welwyn Garden City, Hertfordshire AL7 1TZ.

3. For missing tokens or an entry form, please send separate SAE's to: The Independent/Ferrari Token Request or Entry Form, PO Box 92, Welwyn Garden City, Hertfordshire AL7 1BT. Only 4 tokens are available per application. Requests must be received by first post 19 July 1996.

4. Employees and agents of Newspaper Publishing Plc or those of any other national newspaper company or any firm connected with the promotion are not eligible to take part, neither are

their relatives nor members of their families or households.

5. The winner must co-operate for publicity purposes if required and accept that his/her name and photograph will be published in the paper.

6. Photocopies of tokens not accepted.

7. The promoter reserves the right in their absolute discretion to disqualify any entry or competitor, nominee, or to add to, or waive any rules.

8. No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt.

The promoter will not take responsibility for entries lost or damaged in the post.

9. Readers may enter more than once, but only one entry can be entered per postal application.

10. The prize will be available to the winner for one month between August and December 1996.

11. The winner must be between 25-70 years of age, have held a full driving licence for a minimum of 2 years and have a satisfactory driving record.

12. The prize draw is open to residents of the UK and the Irish Republic. The prize will be as stated, with no cash alternative. The Editor's decision is final.

Promoter: Newspaper Publishing Plc, One Canada Square, London E14 5DL.

## FERRARI COMPETITION

Send your completed entry form, along with 4 differently numbered tokens, to: Independent/Ferrari Prize Draw, PO Box 204, Welwyn Garden City, Herts AL7 1TZ. Closing date: 26 July 1996.

NAME: ..... HOME TELEPHONE NO: .....

ADDRESS: ..... WORK TELEPHONE NO: .....

AGE: ..... DATE OF BIRTH: .....

I confirm that I have held a full driving licence for at least two years (signature) .....



tri

# Wall St tumble would not mean the end of the world

It is not a bad rule of thumb that, when experts agree, one should expect the reverse to happen. Never the less, the expectation is so general that it really does deserve to be taken seriously. The valuation of Wall Street on most measures is at the extreme top end of the scale. The Bank Credit Analyst valuation indicator, shown in the graph, is particularly worrying, but the BCA "fair value" indicator, shown below it, is also well off time. Put at its lowest, there is a serious possibility that Wall Street will fall sharply before the year is out. The tremors of recent trading will then be seen as early warning of the main shock to come. So even if past experience suggests that the outcome will still surprise, the possibility of a sharp fall in share prices does at least seem serious enough for it to be worth proceeding to the next question: so what?

The central issue here is whether there is a clear linkage between what happens in financial markets and what happens in the real economy. One link is the cross-border one: does a fall on Wall Street lead to a world-wide crash? That, I think, can be quite easily answered by taking two reference points: the relative overvaluation of US markets vis-à-vis the others; and the experience of the recent past. As far as valuation is concerned US shares are indeed expensive on most valuations by comparison with European markets, but they are not absurdly out of line. They are high, but we are high too. And the history of the last Wall Street crash, of October 1987, suggests a strong linkage with all large markets except Tokyo.

A common sense conclusion would therefore be that a fall on Wall Street would make a serious dent in



## ECONOMIC VIEW HAMISH McRAE

European share prices, though the fall would not necessarily be a one-for-one relationship. The other, and in many ways more important link, is between financial markets and the real economy. As the *Economist* pointed out at the weekend, the collapse of the Japanese stock market has proved a serious inhibition on the recovery there. But Japan, with its substantial cross-holdings between companies, the weakness of its bank balance sheets and its tiny dividend yields,

been a sharp rise in the proportion of personal wealth held in mutual funds, unit trusts in our parlance. Indeed the flow of savings into these has been one of the main motors between Wall Street's recent strength. Suppose, so the argument runs, these funds are regarded by the holders as something akin to bank balances (though in reality they are nothing of the sort), then their value to fall US consumers would feel inhibited and cut back their spending. This would be a classic "wealth

## 'We like being gloomy; a share price crash would support our inclinations'

effect" as outlined in the economic textbooks, where a change in people's wealth, rather than their income, affects their spending.

This sort of wealth effect from a change in share prices would be less likely to occur here because share prices play a much smaller role in our direct savings. They are enormously important in indirect savings through life assurance and pensions, but we do not see the notional value of a pension to be claimed in, say, 30 years, as relevant to our current spending, and who can blame us. House prices are far more relevant. Never the less, personal shareholdings have risen since the late 1980s as a result of the development

of Peps share bonus schemes and the continuing stream of privatisation issues. I think it would be reasonable to expect a sharp fall in share prices to have some impact on current spending, though more through a perception of confidence in the country's economy rather than any direct influence through the share price movement itself.

Another link is through business confidence. Companies see their share price falling and might feel more concerned about the business climate in general, cut back output and so on. Again this is the sort of thing noted in textbooks, but here I suspect there is even less of a link. Look at the way in which the present share price boom has failed to boost business confidence: the main drivers of that seem to be order books; sustained, profitable, practical demand for the product. True, lower share prices make raising new equity capital more expensive, but the proportion of companies which would need to raise new capital at any one particular time would be limited. Most would wait until things looked up and meanwhile increase their bank borrowings.

Potentially more worrying is the possibility that the Japanese disease would manifest itself in Europe: because of cross-holdings of companies capital a share price fall affecting the solidity of the banking system. This would not happen in the US or the UK because banks are not long-term holders of industrial companies' shares, but it is possible on the Continent, particularly in Germany.

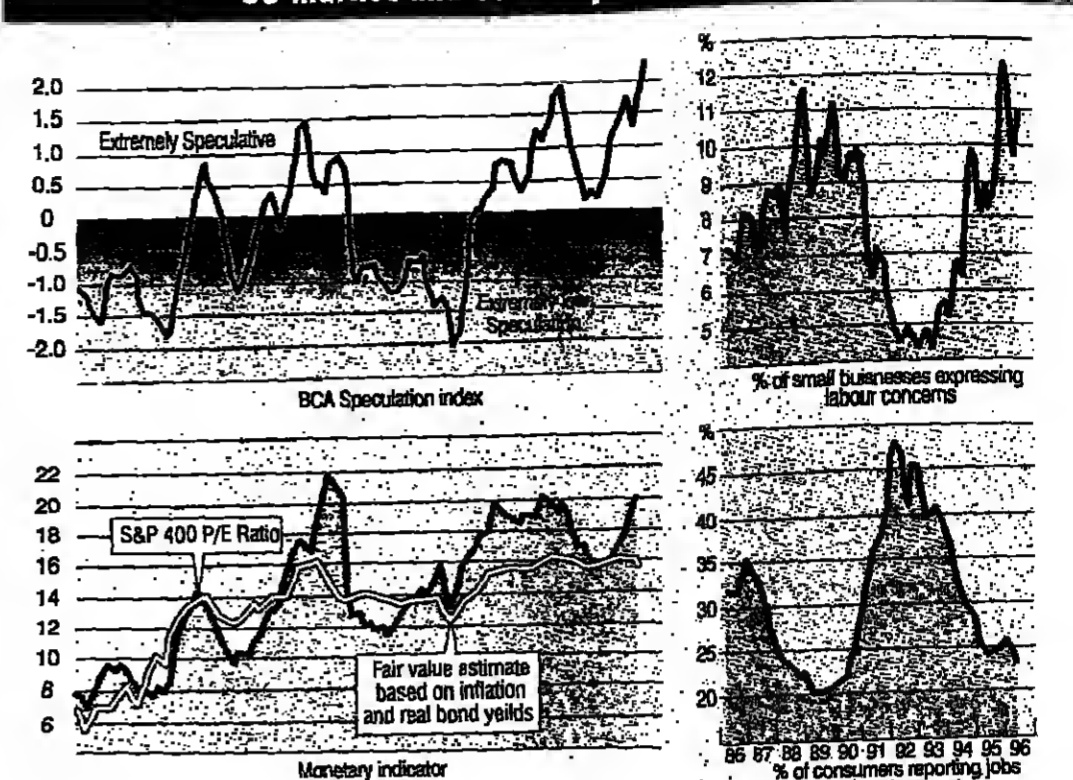
Conventional analysis comes up with a fairly bland conclusion. Yes, a share price collapse would, through the wealth effect, have some impact on demand in the US and to a lesser

extent in Britain. But it would not be so dramatic that it could not be countered by a looser monetary policy. I would go along with that: don't get excited here it was not for three things. First, the US mutual fund link is important and new; we could see recession in the States, and if that happens it will surely spread here. Second, the fall in share prices, if delayed into next year, could mean

at just the time when the next British government had to tighten policy to cut back consumer demand: the danger of the "triple whammy" of higher interest rates and higher taxes coupled with lower share prices all hitting the economy at just the wrong time. Remember, the US economy is at full capacity, with pressure on the labour market, as shown in the graphs on the right, and in any case faces higher interest rates. Higher interest rates there will help drag up rates here.

Finally, the share-owning culture may have taken more root here than we realise and a change in the spending habits of the fairly rich might trickle down. We like being gloomy; a share price crash would support our inclinations. There are several potential reasons why they might. In the US there has

## US market and economy under pressure



really is different from North America and Europe. In the US the experience of 1987 was that there was virtually no linkage between the financial markets and the real economy. This was not what was expected at the time, with the result that the crash encouraged policy-makers to cut interest rates (to offset the supposed deflationary impact of lower share prices) just at the point in the cycle when they should have been increasing them. This error increased the scale of the late 1980s speculative boom and hence the scale of the early 1990s recession. Have things changed since 1987? There are several potential reasons why they might. In the US there has

been a sharp rise in the proportion of personal wealth held in mutual funds, unit trusts in our parlance. Indeed the flow of savings into these has been one of the main motors between Wall Street's recent strength. Suppose, so the argument runs, these funds are regarded by the holders as something akin to bank balances (though in reality they are nothing of the sort), then their value to fall US consumers would feel inhibited and cut back their spending. This would be a classic "wealth effect" as outlined in the economic textbooks, where a change in people's wealth, rather than their income, affects their spending.

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## Foreign Exchange Rates

| Country      | Spot   | 1 month | 3 months | 6 months | 1 year |
|--------------|--------|---------|----------|----------|--------|
| US           | 1.5543 | 4.2     | 5.2      | 10.00    |        |
| Canada       | 2.1294 | 11.3    | 50.37    | 13.071   |        |
| Germany      | 2.2746 | 48.41   | 140.30   | 152.78   | 26.24  |
| France       | 6.0396 | 132.18  | 365.334  | 51.720   | 73.66  |
| Italy        | 2.3881 | 48.43   | 140.36   | 153.85   | 44.51  |
| Japan        | 172.25 | 75.70   | 225.28   | 180.00   | 135.83 |
| ECU          | 1.5537 | 5.11    | 45.40    | 1.5288   | 7.9    |
| Belgium      | 48.889 | 12.7    | 32.26    | 314.95   | 6.5    |
| Denmark      | 9.491  | 19.76   | 446.235  | 5.8865   | 85.85  |
| Netherlands  | 2.6848 | 65.67   | 197.174  | 1.745    | 35.32  |
| Ireland      | 0.7946 | 7.3     | 20.14    | 1.9446   | 47.17  |
| Norway       | 12.831 | 120.30  | 316.200  | 42.7     | 0.7    |
| Spain        | 16.857 | 21.1    | 68.88    | 230.40   | 23.22  |
| Sweden       | 10.408 | 0.6     | 1.9      | 6.8667   | 98.23  |
| Switzerland  | 1.9635 | 54.46   | 165.122  | 1.3633   | 37.34  |
| Australia    | 1.9574 | 20.31   | 67.45    | 1.2593   | 21     |
| Hong Kong    | 12.631 | 101.61  | 234.70   | 7.870    | 19.2   |
| Malaysia     | 3.6725 | 0.0     | 0.0      | 69.80    | 4.14   |
| New Zealand  | 2.2640 | 49.57   | 133.46   | 1.4534   | 30.38  |
| Saudi Arabia | 5.2893 | 0.0     | 0.0      | 3.7508   | 2.7    |
| Singapore    | 2.8895 | 0.0     | 0.0      | 1.4145   | 41.30  |

## Other Spot Rates

| Country   | Spot   | Dollar  | Country      | Spot    | Dollar  |
|-----------|--------|---------|--------------|---------|---------|
| Argentina | 15505  | 0.9567  | Nigeria      | 125.846 | 0.00200 |
| Australia | 1.9574 | 0.7024  | Oman         | 0.5886  | 0.03850 |
| Brazil    | 2.6848 | 1.0046  | Pakistan     | 54.5084 | 35.0649 |
| China     | 12.831 | 0.8787  | Philippines  | 40.7590 | 28.2200 |
| Egypt     | 2.3233 | 3.4066  | Portugal     | 24.411  | 57.050  |
| France    | 2.2746 | 4.0333  | Russia       | 3.6725  | 0.00200 |
| Ghana     | 2.5633 | 0.4500  | Russia       | 7.98157 | 0.00200 |
| Greece    | 2.3249 | 2.9380  | South Africa | 6.7465  | 43.400  |
| India     | 54.784 | 35.2500 | Taiwan       | 43.0286 | 27.8900 |
| Kuwait    | 0.4670 | 0.004   | UAE          | 5.7089  | 3.6771  |

Forward rates quoted to high and low are at a discount; rates quoted low to high are at a premium.  
\*Other rates quoted as indicated.  
†For the latest foreign exchange rates call 0891 123 3033.  
Calls cost 36p per minute (cheaper rate 48p after 10pm).

## Interest Rates

| Country      | Base  | Discount | 250% | US Prime | Japan Discount | 0.50% |
|--------------|-------|----------|------|----------|----------------|-------|
| UK           | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| France       | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Germany      | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Italy        | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Japan        | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| ECU          | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Belgium      | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Denmark      | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Netherlands  | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Sweden       | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Switzerland  | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Australia    | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Hong Kong    | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Malaysia     | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| New Zealand  | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Saudi Arabia | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |
| Singapore    | 5.75% | Discount | 250% | Prime    | Discount       | 0.50% |

## Bond Yields

| Country      | 7%   | 10%  | 15%  | 20%  | 25%  | 30%  |
|--------------|------|------|------|------|------|------|
| UK           | 7.75 | 7.75 | 7.75 | 7.75 | 7.75 | 7.75 |
| France       | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% |
| Germany      | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Italy        | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Japan        | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| ECU          | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Belgium      | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Denmark      | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Netherlands  | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Sweden       | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Switzerland  | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Australia    | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Hong Kong    | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Malaysia     | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| New Zealand  | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Saudi Arabia | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Singapore    | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |

## Money Market Rates

| Country      | 1 month | 3 months | 6 months | 1 year |
|--------------|---------|----------|----------|--------|
| UK           | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| France       | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Germany      | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Italy        | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Japan        | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| ECU          | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Belgium      | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Denmark      | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Netherlands  | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Sweden       | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Switzerland  | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Australia    | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Hong Kong    | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Malaysia     | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| New Zealand  | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Saudi Arabia | 5.75%   | 5.75%    | 5.75%    | 5.75%  |
| Singapore    | 5.75%   | 5.75%    | 5.75%    | 5.75%  |

## Tourist Rates

| Country      | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--------------|------|------|------|------|------|------|
| UK           | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| France       | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Germany      | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Italy        | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Japan        | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| ECU          | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Belgium      | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Denmark      | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Netherlands  | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Sweden       | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Switzerland  | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Australia    | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Hong Kong    | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Malaysia     | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| New Zealand  | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Saudi Arabia | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
| Singapore    | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |

## Life Financial Futures

| Contract          | Settlement price | High/Low | Open  | Close |
|-------------------|------------------|----------|-------|-------|
| Long GB           | 106.10           | 106.5    | 106.5 | 106.5 |
| German Bond       | 106.10           | 106.5    | 106.5 | 106.5 |
| US Bond           | 106.10           | 106.5    | 106.5 | 106.5 |
| Japan Bond        | 106.10           | 106.5    | 106.5 | 106.5 |
| ECU Bond          | 106.10           | 106.5    | 106.5 | 106.5 |
| Belgium Bond      | 106.10           | 106.5    | 106.5 | 106.5 |
| Denmark Bond      | 106.10           | 106.5    | 106.5 | 106.5 |
| Netherlands Bond  | 106.10           | 106.5    | 106.5 | 106.5 |
| Sweden Bond       | 106.10           | 106.5    | 106.5 | 106.5 |
| Switzerland Bond  | 106.10           | 106.5    | 106.5 | 106.5 |
| Australia Bond    | 106.10           | 106.5    | 106.5 | 106.5 |
| Hong Kong Bond    | 106.10           | 106.5    | 106.5 | 106.5 |
| Malaysia Bond     | 106.10           | 106.5    | 106.5 | 106.5 |
| New Zealand Bond  | 106.10           | 106.5    | 106.5 | 106.5 |
| Saudi Arabia Bond | 106.10           | 106.5    | 106.5 | 106.5 |
| Singapore Bond    | 106.10           | 106.5    | 106.5 | 106.5 |

## Life FT-SE Index Option

| Series            | Settlement price | High/Low | Open  | Close |
|-------------------|------------------|----------|-------|-------|
| Long GB           | 106.10           | 106.5    | 106.5 | 106.5 |
| German Bond       | 106.10           | 106.5    | 106.5 | 106.5 |
| US Bond           | 106.10           | 106.5    | 106.5 | 106.5 |
| Japan Bond        | 106.10           | 106.5    | 106.5 | 106.5 |
| ECU Bond          | 106.10           | 106.5    | 106.5 | 106.5 |
| Belgium Bond      | 106.10           | 106.5    | 106.5 | 106.5 |
| Denmark Bond      | 106.10           | 106.5    | 106.5 | 106.5 |
| Netherlands Bond  | 106.10           | 106.5    | 106.5 | 106.5 |
| Sweden Bond       | 106.10           | 106.5    | 106.5 | 106.5 |
| Switzerland Bond  | 106.10           | 106.5    | 106.5 | 106.5 |
| Australia Bond    | 106.10           | 106.5    | 106.5 | 106.5 |
| Hong Kong Bond    | 106.10           | 106.5    | 106.5 | 106.5 |
| Malaysia Bond     | 106.10           | 106.5    | 106.5 | 106.5 |
| New Zealand Bond  | 106.10           | 106.5    | 106.5 | 106.5 |
| Saudi Arabia Bond | 106.10           | 106.5    | 106.5 | 106.5 |
| Singapore Bond    | 106.10           | 106.5    | 106.5 | 106.5 |

## Commodity Indices

|       |       |                         |         |    |
|-------|-------|-------------------------|---------|----|
| Open  | 5,950 | Italy/Italy             |         |    |
| High  | 5,960 | Spain/Spain             | 165,750 | UK |
| Low   | 5,940 | France/France           | 165,750 | UK |
| Close | 5,950 | Germany/Germany         | 165,750 | UK |
|       | 7,800 | Japan/Japan             | 165,750 | UK |
|       |       | Sweden/Sweden           | 165,750 | UK |
|       |       | Denmark/Denmark         | 165,750 | UK |
|       |       | Netherlands/Netherlands | 165,750 | UK |
|       |       | Belgium/Belgium         | 165,750 | UK |
|       |       | Switzerland/Switzerland | 165,750 | UK |
|       |       | Australia/Australia     | 165,750 | UK |
|       |       | Hong Kong/Hong Kong     | 165,750 | UK |
|       |       | Malaysia/Malaysia       | 165,750 | UK |
|       |       | New Zealand/New Zealand | 165,750 | UK |



# Khassah to take shine off Dazzle

Racing  
GREG WOOD

The winning post at the end of the July Course will be the most obvious marker at Newmarket today, but by no means the only one. For many racers, there will be a mental milestone too, placed at the point where, with four Classics and Royal Ascot already behind, the first half of a Flat season has finished and the second can begin.

The July meeting at Headquaters brings more than just a change of mood. The last too will reflect the advancing campaign, as horses which have been with us since April start to

drop away, and the Pattern cycle for two-year-olds is set in motion. From now on, the winners of good juvenile events will have two prizes — the one they started at and the desirous one on offer for the 1997 Guineas, all of nine months distant. Smart punters, as ever, will back them at the former and ignore the latter.

Indeed, this year the process has started even in advance of the Cherry Hinton Stakes, today's valuable contest for two-year-old fillies, with Ladbrokes quoting Dazzle, who is expected to start favourite today, at 20-1 for next year's 1,000 Guineas. Khassah, perhaps her most serious opponent today, is 25-1 for the same Classic.

For Khassah's trainer, John Gosden, the second half of the season cannot start too soon. The opening months of the campaign have generally been miserable ones for Gosden, but when Shantou ran third in the Derby it announced that some form was returning to his string, and his strike-rate over the last fortnight has been almost 25 per cent.

Khassah (next best 3.05) should improve Gosden's percentage still further today, for while Dazzle may have won Royal Ascot's Windsor Castle Stakes on her racecourse debut, it was hardly the strongest juvenile event of the week and Khassah's successful introduction at the Heath meeting was

every bit as impressive. The filly looked outstanding both in the paddock and on the way to post, and even more so on the way back as she comfortably put two lengths between herself and her field. With three unbeaten runners in today's race (Peter Chapple-Hyam's Ocean Ridge is the other) this could be a very significant contest, and Khassah should emerge with her record intact.

Chapple-Hyam chose the maiden which opens today's card to introduce Colonel Collins three years ago, while last year the finish was fought out by Alhaarth and Mark Of Eusem. Although the big Newmarket yards are not represented today, this should again

be a maiden worthy of the closest scrutiny, even if it is a non-starter for betting purposes.

Whatever the fate of Chapple-Hyam's debutant, Equal Rights, in this race, the Altonian trainer stands every chance of collecting the card's most valuable event, the Princess of Wales's Stakes. While the purse is not quite the £20m which might seem appropriate, ASTOR PLACE (nap 3-40) can still add a worthwhile sum to his handbag, prize-money total and strike a blow for the Classic generation in the process.

Though he has won just a single, very weak, race so far this season, Astor Place ran much better in the Prix du Jockey-Club (French Derby) than his

eight placing might suggest. In receipt of almost a stonion from the likely market leaders, Bequeath and Singaspier, his chance is far stronger than his odds might indicate.

A maximum field of 20 will go to post for the one-mile handicap, but this is perhaps not so competitive a race as it appears and may take rather less solving than the nine-runner rated handicap later on the card. Ninia, Saifan, Crown Court and Charlie Chang are the ones for the short-list, with Ninia (2.35), now reunited with Jason Weaver, the probable winner. The rated handicap is far more problematic, and Galine is little more than a grope in the dark.

## Jordan raise the stakes in hunt for driver

Derick Allsop examines one team's efforts to attract enough money to challenge for the Formula One title

No team will travel a shorter distance to the British Grand Prix this week, but Jordan-Peugeot are restless to go further. Come the late summer, they hope to be in the market for a driver of proven winning ability and be heading for the next Formula One world championship as major players.

Such progress, of course, costs money. Although Jordan are yet to win a race at this level, let alone challenge for the title, they have earned a reputation for attracting sponsorship at a rate which belies their "second division" status.

They have about 32 backers (even their marketing man, Ian Phillips, has to pause to tot up the latest tally) and have wrong-footed illustrious, now envious, rivals to secure a long-term agreement with Benson & Hedges. Peugeot and Total are not only suppliers and partners but also the team's other major sponsors.

ion's name has inevitably cropped up again of late. So, too, has that of Jean Alesi.

The driving force of this perpetually moving operation is the team's owner, Eddie Jordan, a Dubliner who always did talk a good race. Long before he negotiated deals for space on his grand prix car, he sold salmon to rugby fans over for international at Lansdowne Road.

Phillips said: "He is, for a period of 10 to 12 minutes, the most blinding salesman you are ever likely to meet. He's not a con man because he genuinely believes that what he's saying he can deliver. And at a grand prix he will charm the pants off 500 people in the Paddock Club."

"Most people call us Laurel and Hardy. Eddie will come up with the wonderful, innovative sales pitch, and at a certain time he'll come to a halt and I add the practical side of it. I guess it is a double act, but the inspiration is always Eddie."

"The other thing we have going for us is a tremendous following considering we don't have wins and championships to our name. We want people to visit our factory and get involved with Jordan at all our events. We take our car and team to the people. We are not elitist. There is perhaps too much elitism in Formula One."

Optimism and vitality have been a feature of Jordan since that first season when they finished fifth in the constructors' championship. As yet, they have to improve on that achievement, and they acknowledge it is time they did.

"You can go so long with the strategy of keeping the sponsors happy seven days a week, and hopefully we'll never lose that," Phillips said. "But at the end of the day the reason we are passionately involved in this game is because we want to win, and, of course, sponsors want to be associated with winners."

"We came in as total privates in 1991, at the depth of probably the biggest recession for 50 years, and we built a very solid platform during difficult times. But the honeymoon period must now be over. The pressure is on. We don't want to be known as people making up the numbers. We are trying to convince our sponsors that with serious investment we can buy the drivers that are going to win the world championship."

"We have Peugeot, who are very close to having the best engine in Formula One, and we are investing in our own resources to make sure we've got a car capable of matching the best. The final element is drivers. You can't achieve any of that without money."

## Farrell injured as mount collapses

Anthea Farrell, the leading amateur rider and former partner of the Cheltenham Gold Cup winner Jodami suffered head and hip injuries yesterday when her horse was riding at the Great Yorkshire Show collapsed and died.

Farrell, daughter of Jodami's trainer, Peter Beaumont, was reported to be in a comfortable condition in Harrogate General Hospital last night.

Farrell suffered her injuries as she was riding the 12-year-old chaser Chocwax. "The horse

collapsed on top of her," a spokesman at the showground said. "He had a heart attack or suffered a brain haemorrhage and died a few minutes later."

**RICHARD EDMONDSON**  
NAP: Crown Court (Newmarket 2.35)  
NB: Commander Glen (Pontefract 2.20)

Ray Cochrane, out of action since suffering a dislocated shoulder in a fall at Taly race-

course in Sweden on 4 June, will make his return to race-riding at York on Friday.

Having been ruled out of the Derby meeting, Cochrane had initially hoped to make his comeback as soon as Royal Ascot. But the jockey's injury took longer than expected to heal, and he decided last week to sit out the Eclipse meeting.

France's Anabaa was well backed yesterday for Thursday's July Cup and is now 3-1 from 4-1 with William Hill who eased Pivotal from 6-4 to 7-4.

### NEWMARKET

**2.05 REHEARSAL**, who was out-paced before staying on to finish 7½ lengths third to Jewel and Flaming West in a six furlong maiden at Newbury on her debut, will be better for the experience and should pre-empt the extra furlong today. Zupaldi is another with the benefit of racecourse experience in a field which is packed with interesting newcomers.

**2.35 CROWN COURT**, who possibly lost the group race final last year, has been back in the form of a champion over a mile and 100 yards at Beverley, enters handicaps on a knicker mark. Tawny may be the chief danger.

### HYPERION'S TV TIPS

**3.05 DAZZLE**, who beat last Friday's Sandown winner Var Star by 2½ lengths on her debut in a stakes race over five furlongs at Royal Ascot, will be suited by a sixth furlong today. Dame Laura, a length second to Dance Parade in the Group Three Queen Mary Stakes at Royal Ascot over five furlongs, should also stay. He looks the danger.

### 3.40 BEQUEATH, who was most

impressive when winning the Listed Fred Archer Stakes by four lengths from Commoner over today's course and distance last time, looks a real performer in the making. Singaspier, who ran Swain to a neck in the Group One Coronation Cup at Epsom on Derby day, is the obvious danger.

**4.10 DASHING BLUE**, who was hampered by a fall when finishing a highly creditable two lengths seventh in Malika in the William Hill Trophy Handicap over six furlongs at York, may turn the tables on the short-head second at York. Pleading, on 5th better terms.

### NEWMARKET

**2.05 Rehearsal** 4.10 Dashing Blue  
**2.35 Crown Court** 4.45 Anthea Jane  
**3.05 Dazzle (nb)** 5.15 Spender  
**3.40 Bequeath**

GOING: Good (watering).  
STALLS: 1m 2f — sound; 2f — fair; 3f — fair; 4f — fair; 5f — fair; 6f — fair; 7f — fair; 8f — fair; 9f — fair; 10f — fair; 11f — fair; 12f — fair; 13f — fair; 14f — fair; 15f — fair; 16f — fair; 17f — fair; 18f — fair; 19f — fair; 20f — fair; 21f — fair; 22f — fair; 23f — fair; 24f — fair; 25f — fair; 26f — fair; 27f — fair; 28f — fair; 29f — fair; 30f — fair; 31f — fair; 32f — fair; 33f — fair; 34f — fair; 35f — fair; 36f — fair; 37f — fair; 38f — fair; 39f — fair; 40f — fair; 41f — fair; 42f — fair; 43f — fair; 44f — fair; 45f — fair; 46f — fair; 47f — fair; 48f — fair; 49f — fair; 50f — fair; 51f — fair; 52f — fair; 53f — fair; 54f — fair; 55f — fair; 56f — fair; 57f — fair; 58f — fair; 59f — fair; 60f — fair; 61f — fair; 62f — fair; 63f — fair; 64f — fair; 65f — fair; 66f — fair; 67f — fair; 68f — fair; 69f — fair; 70f — fair; 71f — fair; 72f — fair; 73f — fair; 74f — fair; 75f — fair; 76f — fair; 77f — fair; 78f — fair; 79f — fair; 80f — fair; 81f — fair; 82f — fair; 83f — fair; 84f — fair; 85f — fair; 86f — fair; 87f — fair; 88f — fair; 89f — fair; 90f — fair; 91f — fair; 92f — fair; 93f — fair; 94f — fair; 95f — fair; 96f — fair; 97f — fair; 98f — fair; 99f — fair; 100f — fair; 101f — fair; 102f — fair; 103f — fair; 104f — fair; 105f — fair; 106f — fair; 107f — fair; 108f — fair; 109f — fair; 110f — fair; 111f — fair; 112f — fair; 113f — fair; 114f — fair; 115f — fair; 116f — fair; 117f — fair; 118f — fair; 119f — fair; 120f — fair; 121f — fair; 122f — fair; 123f — fair; 124f — fair; 125f — fair; 126f — fair; 127f — fair; 128f — fair; 129f — fair; 130f — fair; 131f — fair; 132f — fair; 133f — fair; 134f — fair; 135f — fair; 136f — fair; 137f — fair; 138f — fair; 139f — fair; 140f — fair; 141f — fair; 142f — fair; 143f — fair; 144f — fair; 145f — fair; 146f — fair; 147f — fair; 148f — fair; 149f — fair; 150f — fair; 151f — fair; 152f — fair; 153f — fair; 154f — fair; 155f — fair; 156f — fair; 157f — fair; 158f — fair; 159f — fair; 160f — fair; 161f — fair; 162f — fair; 163f — fair; 164f — fair; 165f — fair; 166f — fair; 167f — fair; 168f — fair; 169f — fair; 170f — fair; 171f — fair; 172f — fair; 173f — fair; 174f — fair; 175f — fair; 176f — fair; 177f — fair; 178f — fair; 179f — fair; 180f — fair; 181f — fair; 182f — fair; 183f — fair; 184f — fair; 185f — fair; 186f — fair; 187f — fair; 188f — fair; 189f — fair; 190f — fair; 191f — fair; 192f — fair; 193f — fair; 194f — fair; 195f — fair; 196f — fair; 197f — fair; 198f — fair; 199f — fair; 200f — fair; 201f — fair; 202f — fair; 203f — fair; 204f — fair; 205f — fair; 206f — fair; 207f — fair; 208f — fair; 209f — fair; 210f — fair; 211f — fair; 212f — fair; 213f — fair; 214f — fair; 215f — fair; 216f — fair; 217f — fair; 218f — fair; 219f — fair; 220f — fair; 221f — fair; 222f — fair; 223f — fair; 224f — fair; 225f — fair; 226f — fair; 227f — fair; 228f — fair; 229f — fair; 230f — fair; 231f — fair; 232f — fair; 233f — fair; 234f — fair; 235f — fair; 236f — fair; 237f — fair; 238f — fair; 239f — fair; 240f — fair; 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## sport

WIMBLEDON 96: Steffi Graf and Richard Krajicek impose a kind of order. John Roberts looks back at a fortnight of chaos

## Spirits lifted by surprises galore

As we were saying a fortnight ago, before we were so rudely interrupted by falling seeds, regular sessions of water torture, and a streaker: "Wimbledon could turn out to be a tournament for the eccentrics."

The one constant factor was Steffi Graf, who overcame her aches, pains and snuffles and won the women's singles title for a seventh time in a repeat of last year's final against Arantza Sanchez-Vicario.

"I feel I'm in seventh heaven," Graf said during her speech at the champions' dinner at the Savoy, tossing in a little joke that when the All England Club's chairman, John Curry, did not arrive promptly she thought he might have been "arranging a male streaker for me."

The chairman had one or two other matters on his mind, such as when the tournament would finally end. He paid tribute to the efforts of his foul-weather friends, Chris Corring, the chief executive, Alan Mills, the referee, and Eddie Seaward and his ground staff, all of whom had featured more prominently than the competitors at various times.

While Graf needed no introduction, the men's singles champion did, and perhaps the most touching moment of the evening came when the chairman presented Richard Krajicek with his purple and green membership tie.

The 24-year-old from Rotterdam is the first Dutchman to win a Grand Slam singles title, never mind the most prestigious of the four. He said he hoped his victory would inspire young boys back home to pick up a racket. Whatever about that, it has certainly taken their minds off that 4-1 drubbing by England at Wembley.

Krajicek also shares with Boris Becker the distinction of being Wimbledon's only unseeded singles champions. The accomplishment was denied to eight other unseeded finalists, Wilmer Allison, Kurt Nielsen, Rod Laver, Marty Mulligan,

## Expect the unexpected

John Roberts' pre-tournament prediction

Fred Stolle, Wilhelm Bungert, Chris Lewis and, of course, Mali'Vai Washington, who was defeated by Krajicek on Sunday, 6-3, 6-4, 6-3.

Washington, while disappointed not to be in possession of "a beautiful cup", accepted his invitation to the dinner and was arguably the most popular person in the room. The 27-year-old American may not have won the big

prize, but he certainly charmed the spectators. As for the new champion, it would be misleading to describe Krajicek as a late developer, especially since he has suffered almost as many injury problems as Graf.

One of his most frustrating experiences came at the Australian Open in 1992, when he defeated Michael Stich, the previous year's Wimbledon champion, in five sets in the quarter-finals but had to miss the semi-final match against Jim Courier after damaging his right shoulder playing doubles.

Krajicek hardly made the most promising of starts to this year's campaign. He lost to Greg Rusedski, 7-6, 7-6, in the opening round of the Sydney tournament in January, and retired hurt during his match against the Frenchman Jean-Philippe Fleurian in the third round of the Australian Open.

Andre Agassi said of Krajicek: "He only has to think about tennis and he gets injured." A glance at their relative achievements so far this season suggests that Agassi would be advised to apply his own mind and body to the game.

Krajicek, who is 6ft 5in, always had the potential to make an impact on grass courts, but he tended to lack the confidence in his return game to maximise the advantage of a mighty serve. He advanced to the third round in 1991 and 1992, and the fourth round in 1993, but consecutive first-round defeats persuaded the All England Club not to give him a seeding, even though he came 11th to the tournament ranked No 13 in the world.

"I was surprised I wasn't seeded, of course," he said after the final, "because I had been playing well, although it was on clay, in the finals of Rome and the quarter-finals in the French Open. But I understood a little bit, because in the last two years I lost in the first round. It does not bother me too much. It's not like I have the feeling that I have proved something to the committee."

The way he dismantled Stich in the fourth round and Pete Sampras, the holder of the title for the previous three years, in the quarter-finals, proved something to everybody.

Tim Henman, while lacking Krajicek's physical presence, can take encouragement from the Dutchman's success. At the same time, Henman's prospects of winning Wimbledon one day should not obscure the essential point, that the nation at last has a contender of substance on the ATP Tour.

The 21-year-old from Oxford's advance to the last eight was one of the most inspiring features of a tournament which in other ways threatened to dampen the spirits.



Double delight: Martina Hingis (right) and Helena Sukova on their way to victory yesterday. Photograph: Adam Butler/PA

Attendances were down for a variety of reasons - Euro 96, a couple of tube strikes, inclement weather after the previous three championships had been bathed in sunshine, and the early elimination of such ootables as Agassi, Monica Seles, Stefan Edberg and Boris Becker, who injured a wrist.

Few major entertainment productions would be able to withstand such a culling, and the international television net-

works became increasingly uneasy as the days went by.

Tennis has always been driven by personality, but the sport's transformation as an industry since embracing professionalism in 1968 has intensified the demand for star names to sell tournaments.

The position may not have been so acute back in 1973, when Wimbledon boasted record crowds even though the majority of the leading men

boycotted the championships because of a dispute between the Association of Tennis Professionals and the International Tennis Federation.

In the final, Jan Kodeš, the Czech No 2 seed, defeated Alex Metreveli, from the Soviet Union, the No 4 seed, but it could hardly be said that the draw was completely lacking in characters, with the Nastase seeded No 1 and Jimmy Connors at No 5. In addition, a 17-

year-old Swede by the name of Bjorn Borg was defeated in the quarter-finals by a Briton, Roger Taylor.

Overall, the All England Club is left with much to consider in the months ahead. And perhaps, when the item headed "streaker" is discussed, some of the older members may smile and ask themselves why "Gorgeous Gus" Moran's lace panties caused such shock horror in 1949.

## Place in history for Hingis

Martina Hingis yesterday became the youngest Wimbledon champion in history - aged 15 years and 282 days - after she and partner Helena Sukova quickly completed a rain-delayed women's doubles victory.

The Swiss girl and Sukova celebrated after their victory over Meredith McGrath and Larisa Nieland by 5-7, 7-5, 6-1 as Wimbledon went into its third week.

"It's great to win at Wimbledon. For every tennis player it's a big goal to win Wimbledon, even the doubles," said Hingis, who is three days younger than the previous youngest, Lottie Dod, who took the singles title in 1887.

Hingis, beaten by the seven-times champion Steffi Graf in the singles, added: "Hopefully one day I'll do it in the singles too." The final had been held over from yesterday because of persistent rain interruptions, but Centre Court was packed as fans took advantage of free admission.

The resumption was held up for 15 minutes to allow hundreds of late arrivals the chance to take their seats - then the action lasted just three minutes.

Hingis and Sukova, from the Czech Republic, had been a set and 5-2 down but had turned the match around to lead overnight 4-1 in the third set.

Sukova held her serve to 15 and she and Hingis gained their first match points at 15-40 with the American, McGrath, serving.

Sukova squandered the first with a forehand over the baseline. But Hingis clinched their victory with a backhand down the line at Nieland's feet when the Latvian's backhand failed to get the ball back over the net.

Sukova also carried off the mixed doubles with her brother, Cyril Suk, after a marathon stint. Sukova played three matches in the mixed yesterday, winning her quarter-final against the Americans Luke Jensen and Nicole Arendt 6-3, 2-6, 10-8; her semi-final against the Canadian Grant Connell and the American Lindsay Davenport 6-4, 6-2; and the final against the Australian Mark Woodford and the unfortunate Nieland 1-6, 6-3, 6-2.

## Kent emerge top dogs

## Cricket

DAVID LLEWELLYN reports from Maidstone Kent 363 & 244 Durham 269 & 255 Kent win by 83 runs

There is no doubt about it, cricket is a dog's life. Keot, who finished bottom of the pile last season, are back as County Championship top dogs after Durham rolled over with a whimper and handed them a comfortable victory and maximum points here yesterday.

From the moment Carl Hooper's off-spin tempted Stewart Hutton into presenting mid-on with his wicket Kent were hungry to snatch the match from their opponents. They scented victory from the on and on and

their prey like a pack of wolves, picking off stragglers and stragglers and enticing away the stronger ones into ambushes.

Finally the coup de grace. A murderous burst of fast bowling by the England discard, Martin McCague, docked the Durham tail before it had much of a chance to wag, picking up two of the last three wickets, which fell in the space of a dozen balls shortly after the game entered the final 16 overs.

Durham are now without a win in their opening 10 matches, while Kent are five points clear this morning. McCague's three wickets took his tally to 38 and there was an encouraging trio of victims for Dean Headley. Unfortunately, having returned to action following a serious hip problem, Headley, nicknamed "Frog", had to hop

out of the action shortly before McCague began the last rites. He strained his left ankle, although he was confident of being fit for the NatWest second round tie at Derby tomorrow.

Given their record this season, the 328 runs that Durham needed for victory when they set out yesterday were always going to be too many, but they had all second-innings wickets standing and Ian Smith Campbell, the West Indies Test opener, wanted a second Championship century to convince sceptical Durham fans that he is worthy signing. He did not get it. After nearly four hours of graft he could not resist a slash at Nigel Long and fell in the gully 15 runs short of three figures.

With him went any realistic hopes of a Durham win, yet there was always the hope that



McCague: Three-wicket haul

they could hold out for the draw. But when the captain, Mike Roseberry, still battling for form despite a first-innings half-century, departed for an ineffectual 17 only Phil Baines stood in the way of annihilation, and his hour and a half of snarling at the Kent predators was wiped out when McCague thundered in from the Rugby Road and sparked a savage finish.

## Millns doubles the punishment

## MICHAEL AUSTIN

reports from Leicester Leicestershire 454-9 dec Essex 163 and 247 Leicestershire win by innings and 44 runs

This was a romantic match for David Millns and the result a boon for Leicestershire. County champions for the only time 21 years ago, they have swept back into the top three in the table. Romance for Millns, 31, was joining the rare breed of those who have taken 10 wickets in a game and scored a first-class hundred, a maiden one at that - more akin in modern times to Sir Garfield Sobers, Mike Procter and Ian Botham.

Millns, an England A tourist, was at his devastating best as he took 6 for 20 in 7.4 overs in the second innings, returned 10 for 128 overall, and offered a reminder of what could have been in a career that began with Nottinghamshire.

His performance meant that Essex were scot packing, back to Chelmsford, for lighter duties in the NatWest Trophy against Durham tomorrow. They were beaten by pure Leicester professionalism: fast bowling and outstanding catches - by Adrian Pierson at wide third slip and Aftab Habib at long off.

Leicestershire have the bonding factor - the o-e-age cricket bundle borrowed from rugby. Someone called it "bondage", maybe because when a batsman is dismissed, the fielders link arms in a circle. They also have a designated daily catchword in these post-wicket rituals.

It was probably "golf" this time because they were well on course for that before lunch.

As for Millns, he was mean and magnificent, and had a catalogue of success that would have made Essex's Ronnie Irani wince. Irani, omitted by England, dashed from Trent Bridge last week, only to bag a pair in six balls and be dispatched for four an over when bowling.

It was another triumph for Leicestershire, having beaten Yorkshire, also by an innings, in their previous match. They have been largely regarded for unproven years, but Essex, with seven assorted tides in the 1980s to Leicestershire's one, do not view it that way. They have won five consecutive Championship matches to perhaps the county that might be regarded as their Midlands equivalent -

home-spun upstairs away from the Test ground focus.

The wickets grabbed by Millns in the second innings were dear-cut: Paul Prichard leg-before to ball keeping slightly low; Irani dismissed playing a poor stroke; Robert Rollins hanging around and waiting for a caught-at-the-decision; Such and Neil Williams brilliantly taken. Finally Ashley Cowan's off-stump

clipped, all in 15.4 overs. ■ Martin Bicknell and Brendon Julian bowled Surrey back into their contention yesterday with their first Championship success against Middlesex for nine years. Bicknell took 4 for 57 and Julian 3 for 54 as Surrey shot Middlesex out for 194 in their second innings at the Foster's Oval. Surrey the raced to 61 for 3 to win by seven wickets - and pick up maximum points.

## Northants in fine fettle for the Cup

## ADAM SZRETER

reports from Northampton Northamptonshire 152 & 396-4 dec Pakistan 323 & 205-8 Match drawn

A day that began steadily, ended brightly but sagged rather shabbily in the middle, will ultimately have left neither side with cause for complaint as they focus on their more significant tasks ahead.

The tourists will be happy in the knowledge that, in Shadab Kabir, they have uncovered a real gem of a left-handed batsman, waiting for his opportunity at Test level should Ijaz Ahmed, Inzamam-ul-Haq or Salim Malik fluff their lines.

Northamptonshire will go into their Cup double-header with Lancashire, first at Old Trafford tomorrow and then at Lord's on Saturday, in confident mood after an opening stand between Richard Montgomerie and Alan Fordham that was worth 255 when Fordham decided to retire.

Quite why he took that decision remained a mystery for some time, although as he has played little first-team cricket this season and is unlikely to feature in the Benson and Hedges Cup final perhaps he felt obliged to

give a chance to someone who would be playing at Lord's. In the end, perhaps mindful of his average, he was listed as retired hurt, with apparent eye trouble, rather than retired out.

Fordham had reached a creditable century in the last over before lunch. Montgomerie went on to emulate his partner but the bowling throughout the afternoon was not very serious.

In all, Pakistan used 10 bowlers and two wicketkeepers before the declaration came, setting a target of 226 in what turned out to be 33 overs.

Kabir was promoted to open and he proceeded to cut and drive his way to 52 from only 60 balls before being caught low down at short extra cover by Rob Bailey off Jeremy Snape.

Waseem Akram and Ijaz Ahmed threatened to launch an assault, but it was nipped in the bud when Ijaz was bowled by Snape for a duck the game seemed to be up for Pakistan.

## Britanny Assurance County Championship

Final day of four Gloucestershire v Glamorgan (11.30)

Gloucestershire - First innings 509 for 3 dec Glamorgan 145/10. Glamorgan - Second innings 108 for 10. Gloucestershire - First innings 181 for 6. Glamorgan - Second innings 108 for 10.

Lancashire v Worcestershire (12.00) Lancashire - First innings 392 for 2. Worcestershire - First innings 145 for 10. Lancashire - Second innings 108 for 10. Worcestershire - Second innings 108 for 10.

Leicestershire v Essex (12.00) Leicestershire - First innings 454 for 9 dec Essex 163 and 247. Leicestershire - Second innings 108 for 10. Essex - First innings 163 for 10. Essex - Second innings 247 for 10.

Surrey v Middlesex (12.00) Surrey - First innings 255 for 5 dec Middlesex 194. Surrey - Second innings 108 for 10. Middlesex - First innings 194 for 10. Middlesex - Second innings 108 for 10.

Warwickshire v Nottinghamshire (12.00) Warwickshire - First innings 350 for 6 dec Nottinghamshire 163 and 247. Warwickshire - Second innings 108 for 10. Nottinghamshire - First innings 163 for 10. Nottinghamshire - Second innings 247 for 10.

## Tetley's Challenge Series

Final day of three Northamptonshire v Northamptonshire (11.30)

Northamptonshire - First innings 152 for 10. Northamptonshire - Second innings 108 for 10. Northamptonshire - First innings 152 for 10. Northamptonshire - Second innings 108 for 10.

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## Overdue home win for champions

Round-up

Warwickshire achieved their first home Championship victory of the season yesterday as they edged out Nottinghamshire by 85 runs with Ashley Giles taking 5 for 70 - his best figures of the season - after the visitors had been set a target of 297 in 81 overs.

He was well supported by Shaun Pollock, who took 3 for 19, as Warwickshire triumphed with 14.1 overs to spare and took the defending champions to fifth place.

Pollock trapped Tim Robinson lbw for naught in his first over but Paul Pollard and Ashley Metcalfe looked to have given Nottinghamshire a solid base with a stand of 91 in 35 overs. After a wayward opening spell, Giles switched to the City End and bad Metcalfe caught behind for 44 and in his next over Paul Johnson perished at mid-off for two.

Wickets then fell at steady intervals and the only resistance came from Kevin Evans, who made 60 before he was last out caught hooking at Pollard.

Glamorgan's Steve Watkins broke into Gloucestershire's tail with a spell of three wickets in seven balls without a run being scored, but the Welsh side had to settle for a draw. The home side held out with two wickets remaining and nine fielders around the bat for Watkins's final over.

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## Starting today

SECOND DAY CHAMPIONSHIP (three days)

Northamptonshire v Northamptonshire (11.30) Northamptonshire - First innings 152 for 10. Northamptonshire - Second innings 108 for 10. Northamptonshire - First innings 152 for 10. Northamptonshire - Second innings 108 for 10.

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## Minor Counties Championship (three days)

Northamptonshire v Northamptonshire (11.30)

Northamptonshire - First innings 152 for 10. Northamptonshire - Second innings 108 for 10. Northamptonshire - First innings 152 for 10. Northamptonshire - Second innings 108 for 10.

Leicestershire v Essex (12.00) Leicestershire - First innings 454 for 9 dec Essex 163 and 247. Leicestershire - Second innings 108 for 10. Essex - First innings 163 for 10. Essex - Second innings 247 for 10.

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## SPORT

**IN TOMORROW'S 12 PAGES OF SPORT**  
Nigel Roebuck compares Damon Hill with the great British drivers of the past



THE INDEPENDENT

## summer of sport

**THIRD TEST:** Injured Hussain forced to sidelines while England's batsmen grind out another day in the middle at Trent Bridge

# Hick in danger after poor run

DEREK PRINGLE  
reports from Trent Bridge  
India 521  
England 550-7

The bold claims made by England's captain, Mike Atherton, that his team could still win this third Test match, were shown to be nothing more than wishful thinking after another slow day's play at Trent Bridge. However, dull days can still provide interesting sub-plots, and the differing fortunes of the newcomers Mark Ealham, who scored 51, and experienced Graeme Hick, who again failed with a leaden-footed 20, were revealing.

Having bowled on the unforgiving surface, Ealham knew there were no excuses not to score runs on it. Pushing his first ball in Test cricket firmly past mid-off for two, he got off to an assured start which continued to blossom until he skewed a drive to cover point off Javagal Srinath, three balls after reaching his fifty. In between, he betrayed his cricketing lineage with a compactness of stroke that was the spit of his father, Alan, the Kent captain when the county ruled the roost.

In contrast, Hick spent 64 minutes until lunch scoring just five runs, and that was after he had struck the second ball he received for four. Having gone to the wicket with the score at 360 for two, the situation was tailor-made for Hick to give the bowling a good mauling, but he seemed strangely cowed by the situation, as if India were sending down a chunk of explosive and not a five-and-a-half-ounce cricket ball.

Since playing for England, Hick's batting average at Test level has actually gone up every

year he has played. Even so, his form has appeared to alternate between hot and cold, and scores of 8, 1, 6 and 20 in the current series suggest a talent not at ease with itself. Before this season, he had been dropped for four of the five home series since his Test debut in 1991.

Hick, you may remember, was one of the players, along with his captain, who was given leave to miss the county game preceding this Test match. But whereas the rest clearly helped Atherton rediscover his powers of concentration, it has done little for Hick, whose mechanical batting style needs rhythm, not rest.

In any case, holidays are out for everyone, and Margaret Thatcher reputedly never took one until she was forced to by her own party in 1991. The year Hick made his England debut. Unless he can score some big runs for Worcestershire in the next fortnight, he may find himself going much the same way when England next gather at Lord's for the first Test against Pakistan later in the month.

Even more distressing for England though, will be the possible absence of Nasser Hussain. Having had his right index finger cracked by a lifter from Srinath during the last over of Saturday's play, it will be touch and go whether he can recover in time for that Test. Broken fingers usually take at least three weeks to mend, depending on the severity of the fracture. With Hussain the one man currently in form, England will be desperately hoping he is a quick healer.

That desperation was palpable when England's physiotherapist, Wayne Morton, announced that Hussain was to



The newcomer Mark Ealham proves equal to a ball from Anil Kumble on his way to 51 at Trent Bridge yesterday

Photograph: Peter Jay

undergo treatment in an oxygen chamber in order to try and speed the healing process.

His absence at the start of play meant that Atherton had to begin with a partner on ought instead of a stroke-player with Saturday's 107 behind him. It was a factor that certainly contributed to England's laboured start, with Atherton receiving another reprieve - his third of the innings - when he was dropped by Vikram Rathore at second slip off Saurav Ganguly.

With another slice of luck and a whole day's batting unreeling before him, Atherton would have had his sights on a huge individual score. Instead, the next chance he offered proved to be his last. Venkatesh Prasad fore-

ing the batsman to steer the ball to third slip, where Sanjay Manjrekar clung on to a low catch.

The combination of Atherton's departure and Hick's arrival and subsequent go-slow catalysed Graham Thorpe into unleashing a brace of stunning cover drives off Srinath. But if he was fortunate to survive some corking deliveries from the ever-impressive opening bowlers, it was a gentle swinging ball from Ganguly that finally had his name on it.

Hick was next to go, caught off the leading edge at mid-on trying to repeat a whip to leg off Venkatesh Prasad. It left England on the healthy but highly superstitious score of 444 for four, a sequence that immediately struck five balls later when Jack Russell was out for naught, edging Prasad to his opposite number, Nayan Moonga.

However, refusing to be cowed by such voodoo symmetry, Chris Lewis fine-glanced his first ball to long leg for four. Lewis generally looked in good touch and struck the ball sweetly until Anil Kumble managed to slide the perfect flipper into his pads.

That left Dominic Cork and Min Patel to take England past India's score, and they ended the day 29 runs ahead. So far, over a thousand runs have been scored without both teams' first innings being completed. That is a cop out, not a cricket match.

## A radical search for way to relieve tedium

JON CULLEY

Jagmohan Dalmiya, the secretary of the Indian Cricket Board, is an expansionist and a radical who has brought unceasing to the game's traditionalists by suggesting, among other things, the extreme duration of which killed this contest.

Dalmiya was present to witness the scores himself. "Draws can be an important part of the game," he said, "but in international sport there is no point in playing for a handful of people."

What Dalmiya did not say is what he would actually do, other than appoint a committee of experts. He had "certain ideas", he said, but

would divulge no detail other than to say the results would have to be obtained through "real cricket".

This would rule out the possibility of a cricket version of the penalty shoot-out. More feasible is a limit in time of overs, on the length of first innings, the extreme duration of which killed this contest.

Dalmiya's view will not be without support, especially among marketing men, but first he must be elected. However, even if he polls most votes in the ballot it is not certain he will be.

This is the first time that there has been a contest for the post and the ICC must first decide whether a winner needs a simple majority or a more clear-cut proportion of the vote.

Those who have condemned this pitch forget, too, that this match would have moved forward much faster had the fielding been adequate. India's slips were a disaster. If all the changes given had been accepted, we might well have been looking forward now to the prospect of an exciting last day.

I believe that Frank Dalling, who has taken over the Trent Bridge pitch, should be congratulated. There was more life in it than the scores suggest: the seam bowlers, especially Javagal Srinath, were able to find bounce and movement, and one lost count of the number of times batsmen were beaten outside the off stump. The pitch did not let down the players as much as the players let down a pitch which provided a truer test of cricketers' skills.

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### Trent Bridge scoreboard

|  |  |
|--|--|
| INDIA - First Innings 521, 15 R. Tendulkar 177, S. Ganguly 136, R. S. Dravid 84, S. V. Murali 50           | C. C. Lewis 84, R. S. Dravid 84, S. V. Murali 50                   |
| ENGLAND - First Innings 360, 15 R. Atherton 107, M. Ealham 51, G. Hick 20, N. Hussain 8, D. G. Pringle 17  | M. Ealham 51, G. Hick 20, N. Hussain 8, D. G. Pringle 17           |
| INDIA - Second Innings 322, 15 R. Tendulkar 100, S. Ganguly 100, R. S. Dravid 84, S. V. Murali 50          | R. Tendulkar 100, S. Ganguly 100, R. S. Dravid 84, S. V. Murali 50 |
| ENGLAND - Second Innings 220, 15 R. Atherton 107, M. Ealham 51, G. Hick 20, N. Hussain 8, D. G. Pringle 17 | M. Ealham 51, G. Hick 20, N. Hussain 8, D. G. Pringle 17           |

### THE INDEPENDENT CROSSWORD

No. 2034, Tuesday 9 July By Aelred

Monday's Solution

Across: 1. Capable of producing iron (7) 2. French roofing material (7) 3. Popular drink I had provided (7) 4. Teacher's not quite an inexperienced type (5) 5. Lends a car out for many months here? (9) 6. Doomed poor old people supported by editor (13) 7. Wickedness on road to where commandments were given? (5) 8. Scotsman returned advertisement for nymph (5) 9. Looking about (9) 10. In clever changes takes time to be a bit brainy? (9) 11. Needing to lose weight to keep measurement tight (5) 12. Mad attempt to follow artist (5) 13. Salt's concern about a number in ship (9)

Down: 1. Suspect's similarly loud? (9) 2. Examine evidence about Henry's move (5) 3. Forgive a bachelor's misplaced love (7) 4. One cherishes British nurse's recipe for increasing fondness? (7) 5. Alien and heretofore ignoble in part (7) 6. Right label one shamefully in revolution (9) 7. I had to go to Douglas's place to find peculiarity of speech (5) 8. Endlessly wealthy after city money case? (9) 9. Committed deadly sin as primitive instincts came first (5) 10. Health resorts with blazing fires serving simple characters (4,5)

## Saunders sets 20-goal target

Football  
NICK DUXBURY

Dean Saunders returned to the Premiership yesterday talking a good game. The 31-year-old striker completed his £1.5m move from Galatasaray with the intention of ending Nottingham Forest's search for a goalscorer by bagging at least 20 next season.

Saunders, who spent a year in Turkey, scoring 21 goals in 28 games, has been recruited to give Forest the firepower that Campbell, Lee, Silenzi and Co failed to deliver last season.

"I always set myself a target of 20 goals each season and I'm not going to change now," the former Derby, Liverpool and Aston Villa forward said. "I can't promise to score 20 goals but I feel certain I will be able to improve the team at Forest."

Having upgraded the front end, Frank Clark, the Forest manager, intends to strengthen the back by signing the Croat international Nikola Jerkan. Clark has agreed a £1m fee with Real Oviedo, which will take his spending for the summer to £3m. A work permit for the 31-year-old defender, who played in the Euro 96 quarter-final against Germany, has still to be secured but Forest do not envisage any problems.

The Danish international striker Mikkel Beck begins pre-

season training today with a Middlesbrough team whose disciplinary record has led to Bryan Robson making an embarrassing appearance before the Football Association.

The Boro player-manager, who worked as assistant to England coach Terry Venables during Euro 96, will face a disciplinary commission in Manchester on 9 August. The club will be hoping the powers of persuasion he brought to bear on the £4m Emersoo and the £7m Fabrizio Ravanelli will deter the FA from handing the club a heavy fine.

The former Premiership clubs, Queen's Park Rangers and Manchester City are also on the carpet as are Portsmouth, Luton, Millwall, Gillingham and Hartlepool.

Beck is believed to have signed for Middlesbrough even though he has been involved in a dispute with Fortuna Cologne, who demanded a transfer fee because they claimed they had a year's option on his expired contract. A preliminary court hearing in Germany supported Beck though the decision has yet to be ratified.

Manchester United have experienced "a slight hitch" concerning the £3.5m transfer of Karel Poborsky, the Czech Republic midfielder from Slavia Prague. Negotiations were postponed at the weekend, but Maurice Watkins, United's le-

gal director, described the delay as "nothing serious".

Fernando Nelson, the 26-year-old Portuguese international right-back, will arrive in Birmingham tomorrow to sort out personal terms with Aston Villa over his £1.75m move from Sporting Lisbon.

A tribunal has ruled that Queen's Park Rangers will have to observe a sell-on agreement and pay £350,000 to Tottenham Hotspur for the striker Steve Slade. Rangers had offered £100,000 for the England U-21 international, who has signed a four-year contract.

The spectator who caught the Euro 96 final ball after it was kicked into the Wembley crowd by a jubilant German player has given it to the makers of the crown jewels for safe keeping.

Peter Gibbons, a 33-year-old carpenter from South Harrow, has refused four-figure sums for the ball and has accepted an offer from Garrards to keep it in the same safe where the Premiership trophy is held. "I am very nervous about having it. I have lost sleep and I am off my food," he said.

The Referees' Association president, Peter Willis, has joined the call for the "golden goal" rule to be consigned to the scrap heap. "In my view, it is unnatural and brings a brutal end to a game," said Willis, whose organisation has 33,000 members.



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